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Rules and Regulations

Federal Register

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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2019-1003; Product Identifier 2018-SW-086-AD; Amendment 39-21294; AD 2020-21-21]

RIN 2120-AA64

Airworthiness Directives; Leonardo S.p.a. Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for Leonardo S.p.a. (Leonardo) Model A109E, A109S, A119, AW109SP, and AW119MKII helicopters. This AD requires removing certain main rotor (M/R) floating ring assemblies from service. This AD also prohibits replacing any washer on any M/R floating ring assembly. This AD was prompted by a report of a washer debonding from the M/R floating ring assembly. The actions of this AD are intended to address an unsafe condition on these products.

DATES: This AD is effective November 24, 2020.

ADDRESSES: For service information identified in this final rule, contact Leonardo S.p.a. Helicopters, Emanuele Bufano, Head of Airworthiness, Viale G. Agusta 520, 21017 C. Costa di Samarate (Va) Italy; telephone +39-0331-225074; fax +39-0331-229046; or at <https://www.leonardocompany.com/en/home>. You may view the referenced service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy., Room 6N-321, Fort Worth, TX 76177.

Examining the AD Docket

You may examine the AD docket on the internet at <https://www.regulations.gov> by searching for

and locating Docket No. FAA-2019-1003; 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 AD, the European Aviation Safety Agency (now European Union Aviation Safety Agency) (EASA) AD, any comments received, and other information. The street address for Docket Operations is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT:

Kristin Bradley, Aerospace Engineer, General Aviation & Rotorcraft Section, International Validation Branch, FAA, 10101 Hillwood Pkwy., Fort Worth, TX 76177; telephone 817-222-5110; email Kristin.Bradley@faa.gov.

SUPPLEMENTARY INFORMATION:

Discussion

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to Leonardo Model A109E, A109S, A119, AW109SP, and AW119MKII helicopters, with a M/R floating ring assembly part number (P/N) 109-0111-09-101 or P/N 109-0111-09-103 installed. The NPRM published in the **Federal Register** on December 9, 2019 (84 FR 67251). The NPRM proposed to require removing from service any M/R floating ring assembly P/N 109-0111-09-101 or P/N 109-0111-09-103 with serial number (S/N) DA53295148-1, F86782, G130924, J31213, L99, L104, L107, L117, L127, L130, M215, P411, R687, R735, R769, R772, or V71. The NPRM also proposed to prohibit installing the affected M/R floating ring assemblies on any helicopter. Lastly, the NPRM proposed to prohibit replacing any washer P/N 109-0111-23-101 on any M/R floating ring assembly installed on any helicopter. The proposed requirements were intended to prevent failure of the M/R floating ring assembly and significant increase of the pilot workload and subsequent loss of control of the helicopter.

The NPRM was prompted by EASA AD No. 2018-0205, dated September 14, 2018, issued by EASA, which is the Technical Agent for the Member States of the European Union, to correct an unsafe condition for Leonardo S.p.a.

(formerly Finmeccanica S.p.A., AgustaWestland S.p.A., Agusta S.p.A.; and AgustaWestland Philadelphia Corporation, formerly Agusta Aerospace Corporation) Model A109E, A109S, A119, A109LUH, AW109SP, and AW119MKII helicopters with certain part-numbered M/R floating ring assemblies installed. EASA advises of a report of a washer P/N 109-0111-23-101 that debonded from the M/R floating ring assembly on a Model A109E helicopter. Investigation results revealed that the M/R floating ring assembly had been improperly repaired, and identified a batch of M/R floating ring assemblies that could also be affected. Due to design similarity, some of those M/R floating ring assemblies may be installed on other A109/A119 helicopter models.

EASA further advises that this condition, if not detected and corrected, could lead to failure of an affected M/R floating ring assembly and significant increase of the pilot workload, possibly resulting in reduced control of the helicopter. Accordingly, the EASA AD requires inspecting the M/R floating ring assembly to identify its S/N and depending on findings, replacing affected serial-numbered M/R floating ring assemblies. The EASA AD also prohibits installing those serial-numbered M/R floating ring assemblies on any helicopter and prohibits replacing washer P/N 109-0111-23-101 on an M/R floating ring assembly installed on a helicopter.

Comments

The FAA gave the public the opportunity to participate in developing this final rule, but the FAA did not receive any comments on the NPRM or on the determination of the cost to the public.

FAA's Determination

These helicopters have been approved by EASA and are approved for operation in the United States. Pursuant to the FAA's bilateral agreement with the European Union, EASA has notified the FAA of the unsafe condition described in its AD. The FAA is issuing this AD after evaluating all of the information provided by EASA and determining the unsafe condition exists and is likely to exist or develop on other helicopters of these same type designs and that air safety and the public interest require

adopting the AD requirements as proposed.

Differences Between This AD and the EASA AD

The EASA AD applies to Model A109LUH helicopters, whereas this AD does not because that model is not FAA type-certificated.

Related Service Information

The FAA reviewed Leonardo Helicopters Alert Service Bulletin (ASB) No. 109EP-163 for Model A109E helicopters; ASB No. 109S-084 for Model A109S helicopters; ASB No. 109SP-125 for Model AW109SP helicopters; and ASB No. 119-092 for Model A119 and AW119MKII helicopters, all Revision A and dated September 13, 2018. This service information contains procedures to identify the S/N of the M/R floating ring assembly and provides instructions for replacing the floating ring assembly if necessary. This service information also specifies replacing certain serial-numbered M/R floating ring assemblies and reporting certain information to Leonardo Helicopters.

Costs of Compliance

The FAA estimates that this AD affects 210 helicopters of U.S. Registry. The FAA estimates that operators may incur the following costs in order to comply with this AD. Labor costs are estimated at \$85 per work-hour.

Inspecting the M/R floating ring assembly takes about 1 work-hour for an estimated cost of \$85 per helicopter and \$17,850 for the U.S. fleet. Replacing an M/R floating ring assembly takes about 8 work-hours and parts cost about \$5,500 for an estimated cost of \$6,180 per floating ring assembly.

According to Leonardo Helicopters, some of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected individuals. The FAA does not control warranty coverage by Leonardo Helicopters. Accordingly, the FAA has included all costs in the 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.

The FAA is issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: General requirements. Under that section, Congress charges the FAA

with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on helicopters identified in this rulemaking action.

Regulatory Findings

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

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

- (1) Is not a "significant regulatory action" under Executive Order 12866,
- (2) Will not affect intrastate aviation in Alaska, and
- (3) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

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

Adoption of the Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2020-21-21 Leonardo S.p.a.: Amendment 39-21294; Docket No. FAA-2019-1003; Product Identifier 2018-SW-086-AD.

(a) Applicability

This airworthiness directive (AD) applies to Leonardo S.p.a. Model A109E, A109S, A119, AW109SP, and AW119MKII helicopters, certificated in any category, with a main rotor (M/R) floating ring assembly part number (P/N) 109-0111-09-101 or P/N 109-0111-09-103 installed.

(b) Unsafe Condition

This AD defines the unsafe condition as disbonding of the washer from the M/R

floating ring assembly. This condition could result in a significant increase of pilot workload and subsequent loss of control of the helicopter.

(c) Effective Date

This AD becomes effective November 24, 2020.

(d) Compliance

You are responsible for performing each action required by this AD within the specified compliance time unless it has already been accomplished prior to that time.

(e) Required Actions

(1) Within 25 hours time-in-service, remove from service any M/R floating ring assembly P/N 109-0111-09-101 or P/N 109-0111-09-103 with serial number (S/N) DA53295148-1, F86782, G130924, J31213, L99, L104, L107, L117, L127, L130, M215, P411, R687, R735, R769, R772, or V71.

(2) After the effective date of this AD:

(i) Do not install any M/R floating ring assembly P/N 109-0111-09-101 or P/N 109-0111-09-103 with S/N DA53295148-1, F86782, G130924, J31213, L99, L104, L107, L117, L127, L130, M215, P411, R687, R735, R769, R772, or V71 on any helicopter.

(ii) Do not replace any washer P/N 109-0111-23-101 on any M/R floating ring assembly installed on any helicopter.

(f) Special Flight Permits

Special flight permits are prohibited.

(g) Alternative Methods of Compliance (AMOCs)

(1) The Manager, International Validation Branch, FAA, may approve AMOCs for this AD. Send your proposal to: Kristin Bradley, Aerospace Engineer, General Aviation & Rotorcraft Section, International Validation Branch, FAA, 10101 Hillwood Pkwy., Fort Worth, TX 76177; telephone 817-222-5110; email Kristin.Bradley@faa.gov.

(2) For operations conducted under a 14 CFR part 119 operating certificate or under 14 CFR part 91, subpart K, the FAA suggests that you notify your principal inspector, or lacking a principal inspector, the manager of the local flight standards district office or certificate holding district office, before operating any aircraft complying with this AD through an AMOC.

(h) Additional Information

(1) Leonardo Helicopters Alert Service Bulletin (ASB) No. 109EP-163, ASB No. 109S-084, ASB No. 109SP-125, and ASB No. 119-092, all Revision A and dated September 13, 2018, which are not incorporated by reference, contain additional information about the subject of this AD. For service information identified in this AD, contact Leonardo S.p.a. Helicopters, Emanuele Bufano, Head of Airworthiness, Viale G. Agusta 520, 21017 C. Costa di Samarate (Va) Italy; telephone +39-0331-225074; fax +39-0331-229046; or at <https://www.leonardocompany.com/en/home>. You may view the referenced service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy., Room 6N-321, Fort Worth, TX 76177.

(2) The subject of this AD is addressed in European Aviation Safety Agency (now

European Union Aviation Safety Agency) (EASA) AD No. 2018–0205, dated September 14, 2018. You may view the EASA AD on the internet at <https://www.regulations.gov> in Docket No. FAA–2019–1003.

(i) Subject

Joint Aircraft Service Component (JASC)
Code: 6220, Main Rotor Head.

Issued on October 8, 2020.

Gaetano A. Sciortino,

*Deputy Director for Strategic Initiatives,
Compliance & Airworthiness Division,
Aircraft Certification Service.*

[FR Doc. 2020–23019 Filed 10–19–20; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9914]

RIN 1545–BP20

Eligible Terminated S Corporations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations providing guidance on the definition of an eligible terminated S corporation and rules relating to distributions of money by such a corporation after the post-termination transition period. This document also amends current regulations to extend the treatment of distributions of money during the post-termination transition period to all shareholders of the corporation and clarifies the allocation of current earnings and profits to distributions of money and other property. The final regulations affect C corporations that were formerly S corporations and the shareholders of such corporations.

DATES:

Effective Date: These regulations are effective October 20, 2020.

Applicability Dates: For dates of applicability, see §§ 1.481–6(b), 1.1371–1(e), 1.1371–2(d), and 1.1377–3(c).

FOR FURTHER INFORMATION CONTACT:

Concerning §§ 1.481–5, 1.481–6, 1.1362–2(a)(2)(iii), 1.1377–2, and 1.1377–3, Margaret Burrow or Michael Gould at (202) 317–5279; concerning §§ 1.1371–1 and 1.1371–2, Aglaia Ovtchinnikova at (202) 317–6975 or Margaret Burrow or Michael Gould at (202) 317–5279; concerning § 1.1316–2, Aglaia Ovtchinnikova at (202) 317–6975.

SUPPLEMENTARY INFORMATION:

Background

In the case of an S corporation, as defined in section 1361(a)(1) of the Internal Revenue Code (Code), having accumulated earnings and profits (as described in section 316(a)(1) of the Code (AE&P)) that makes a distribution of property to which section 301 would otherwise apply, section 1368(c)(1) of the Code generally treats the amount of the distribution not in excess of the S corporation's accumulated adjustments account (as defined in § 1.1368–2(a)(1) (AAA)) or the recipient shareholder's adjusted basis in such S corporation's stock as excluded from the shareholder's gross income. Section 1368(c)(2) provides that the remaining portion of the distribution is treated as a dividend (as defined in section 316(a)) to the extent of the S corporation's AE&P. Finally, section 1368(c)(3) provides that any amount of the distribution in excess of the S corporation's AAA and AE&P is applied against the shareholder's remaining adjusted basis in the stock, with any amount exceeding that adjusted basis treated as gain from the sale or exchange of property.

Generally, a distribution by a C corporation to its shareholders with respect to their stock ownership is treated as a taxable dividend to the extent of the corporation's earnings and profits. See sections 301(c) and 316(a). However, following the termination of a corporation's S election made under section 1362 of the Code (S election), section 1371(e) of the Code allows shareholders of the resulting C corporation to benefit from the corporation's former status as an S corporation with respect to distributions of money during the corporation's post-termination transition period (PTTP), which is generally the one-year period after the corporation terminates its S election. Specifically, during the PTTP, a distribution of money by the C corporation is characterized as a distribution from the corporation's AAA. The receipt of such a distribution is tax-free to the extent of the recipient shareholder's basis in its stock and the corporation's AAA balance. If the distribution exceeds the recipient shareholder's basis in its stock, but not the corporation's AAA, then the distribution is tax-free to the extent of the recipient shareholder's basis, with the remainder treated as gain from the sale of property. If the distribution exceeds the corporation's AAA, then the excess is taxed as a dividend from current earnings and profits (as described in section 316(a)(2) (CE&P)) or any AE&P from the corporation's

previous existence as a corporation taxed under subchapter C. Without section 1371(e), shareholders of the former S corporation would be precluded from receiving distributions allocable to AAA.

Section 13543(a) and (b) of Public Law 115–97, 131 Stat. 2054, 2155 (2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA), amended the Code by adding new sections 481(d) and 1371(f), effective as of December 22, 2017, the date of enactment of the TCJA.

Section 481(d)(1) of the Code permits a corporation that qualifies as an eligible terminated S corporation (ETSC) to take into account any 481 adjustments (as defined in part II.C of the Summary of Comments and Explanation of Revisions) which are attributable to the revocation of an S election over the section 481(d) inclusion period, which is the six-taxable-year-period beginning with the year of change (as defined in part II.C of the Summary of Comments and Explanation of Revisions). Section 481(d)(2) defines an ETSC as a C corporation meeting the following three requirements: (i) The corporation was an S corporation on December 21, 2017; (ii) the S corporation revoked its election under section 1362(a) to be an S corporation (that is, the S election) during the two-year period beginning on December 22, 2017 (revocation requirement); and (iii) the owners of the stock of the corporation, determined on the date the corporation made a revocation of its S election, are the same owners (and own identical proportions of the corporation's stock) as on December 22, 2017 (shareholder identity requirement).

Section 1371(f) extends the period during which shareholders of an ETSC can benefit from its AAA generated during the corporation's former status as an S corporation (ETSC period) by providing that, in the case of distributions of money following the PTTP, (i) the distributing ETSC's AAA is allocated to a distribution of money to which section 301 would otherwise apply (qualified distribution), and (ii) the qualified distribution is chargeable to AE&P in the same ratio as the amount of such AAA bears to the amount of such AE&P. In enacting section 1371(f), Congress determined that “it is important to provide rules to ease the transition from S corporation to C corporation for the affected taxpayers” because, based on the TCJA's revisions to the Code, “taxpayers that previously elected to be taxed as S corporations may prefer instead to be taxed as C corporations.” H. Rept. 115–409, 115th Cong., 1st Sess., at 245 (Nov. 14, 2017) (House Report).

On November 7, 2019, the Department of the Treasury (Treasury Department) and the IRS published a notice of proposed rulemaking (REG–131071–18) in the **Federal Register** (84 FR 60011) containing proposed regulations under section 1371 and proposed amendments to the Income Tax Regulations (26 CFR part 1) under sections 481 and 1377 (proposed regulations). The Treasury Department and the IRS received 16 written or electronic comments responding to the proposed regulations. All comments received on the proposed regulations are available at <http://www.regulations.gov> or upon request. As no request for a public hearing was received, no hearing was held. After full consideration of the comments received, this Treasury decision adopts generally the proposed regulations with certain modifications in response to the comments received, as described in the Summary of Comments and Explanation of Revisions.

Summary of Comments and Explanation of Revisions

I. Overview

The final regulations retain the approach and structure of the proposed regulations, with certain revisions. This Summary of Comments and Explanation of Revisions discusses those revisions, as well as the comments received in response to the proposed regulations.

II. Comments on Qualification as an Eligible Terminated S Corporation

A. Significance of Date of Revocation of S Election

To qualify as an ETSC under section 481(d)(2), a corporation must satisfy the revocation requirement by making a revocation of its S election during the two-year period beginning on December 22, 2017 (two-year period). See section 481(d)(2)(A)(ii) (setting forth the revocation requirement); proposed § 1.481–5(b)(2) (same). In addition, the shareholder identity requirement must be satisfied by the same shareholders owning identical proportions of the corporation's stock on two dates: December 22, 2017, and the date on which the corporation made a revocation of its S election. See section 481(d)(2)(B) (setting forth the shareholder identity requirement); proposed § 1.481–5(b)(3) (same). But see proposed § 1.481–5(c)(1) (identifying five categories of share transfers that do not result in a change in shareholder ownership for purposes of section 481(d)(2)(B)). Consequently, the date on which a corporation makes a revocation of its S election is critical for determining ETSC qualification.

A corporation can allow the effective date of its S election revocation to occur automatically by operation of section 1362(d)(1)(C), or it can specify an effective date under section 1362(d)(1)(D). For example, a revocation made before the 16th day of the third month of an S corporation's taxable year generally is effective retroactively on the first day of that taxable year. See section 1362(d)(1)(C)(i); § 1.1362–2(a)(2)(i). In contrast, a revocation made after the 15th day of the third month of a corporation's taxable year generally is effective prospectively on the first day of the corporation's following taxable year. See section 1362(d)(1)(C)(ii); § 1.1362–2(a)(2)(i). Alternatively, the corporation may specify an immediate or prospective effective date for a revocation by expressing a date (in terms of a stated day, month, and year) that occurs on or after the date on which the revocation is made. See section 1362(d)(1)(D); § 1.1362–2(a)(2)(ii).

1. Retroactive Effective Date of the Revocation Determines ETSC Status

One commenter suggested that the final regulations revise proposed § 1.481–5(b)(2) to confirm that, in the case of a revocation with a retroactive effective date pursuant to section 1362(d)(1)(C)(i), the revocation may be treated as occurring on the retroactive effective date for purposes of ETSC qualification. Based on the stated congressional goal of facilitating the transition from S corporation status to C corporation status, the commenter contended that taxpayers reasonably could have interpreted the statute to indicate that compliance with the shareholder identity requirement would be tested on the retroactive revocation's effective date. In support of this contention, the commenter correctly noted that, in the absence of such an interpretation, a corporation would not satisfy the shareholder identity requirement for qualifying as an ETSC in proposed § 1.481–5(b)(2) and (3) if the corporation (i) had the same shareholders (and in identical proportions) on both December 22, 2017, and the retroactive effective date of the revocation, but (ii) experienced a change in shareholder ownership during the period between the retroactive effective date of the revocation and the date on which the revocation was made.

The Treasury Department and the IRS agree with the commenter's interpretation. Proposed § 1.481–5(b)(2) and (3) directly address revocations with prospective effective dates, which can be specified with significant flexibility in the revocation. A retroactive effective date for a

revocation results solely by operation of section 1362(d)(1)(C)(i) and § 1.1362–2(a)(2)(i) and, in such instance, is always effective on the first day of the corporation's taxable year. To confirm the commenter's interpretation, § 1.481–5(c)(2) of the final regulations provides that, solely with regard to revocations with retroactive effective dates, a revocation may be treated as having been made on the effective date of such revocation. Accordingly, for purposes of § 1.481–5(b)(2) and (3), a corporation may test compliance with the revocation requirement and the shareholder identity requirement on either the date the revocation was made or, in the case of a revocation with a retroactive effective date, the date the revocation was effective.

2. Application of Section 7503 to a Revocation of an S Election

As discussed in part II.A of this Summary of Comments and Explanation of Revisions, the revocation requirement of section 481(d)(2)(A)(ii) requires that a corporation must make a revocation during the two-year period to qualify as an ETSC. Section 7503 provides that, “when the last day prescribed under authority of the internal revenue laws for performing any act falls on Saturday, Sunday, or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday.” Because a revocation is an act made under authority of the internal revenue laws (that is, section 1362 of the Code), section 7503 applies for purposes of determining whether the revocation was made within the required two-year period. As a result of the application of section 7503 in conjunction with section 1362 and § 1.1362–2(a)(2), December 23, 2019 (a Monday), is the last day of the two-year period. Therefore, a revocation made on that date would be treated as made within the two-year period. Without the application of section 7503, December 21, 2019 (a Saturday), would have been the last day of the two-year period.

To avoid any doubt, these final regulations clarify the text of § 1.1362–2(a)(2) to provide explicitly that section 7503 applies where the last day prescribed for making a revocation occurs on a Saturday, Sunday, or legal holiday. Therefore, a revocation made on December 23, 2019, will be treated as made during the two-year period.

B. Applicability of PTP and ETSC Period to S Corporations With No AE&P

Following the termination of an S election, section 1371(e) permits

shareholders of the resulting C corporation to benefit from the corporation's former status as an S corporation with respect to distributions of money during the corporation's PTTP, which generally is the one-year period after the corporation terminates its S election. Specifically, during the PTTP, a distribution of money by the C corporation is characterized as a distribution from the corporation's AAA. The receipt of such a distribution is tax-free to the extent of the recipient shareholder's basis in the stock with respect to which the shareholder received the distribution, and is taxed as gain from the sale of property to the extent the distribution exceeds the shareholder's basis in that stock. See section 1371(e)(1). If the corporation exhausts its AAA during the PTTP, subsequent distributions are subject to treatment under section 301.

A commenter requested confirmation that the rules regarding distributions made during the PTTP, including section 1371(e) and § 1.1377-2, apply if the corporation did not have AE&P at the time that it terminated its S election. Section 1371(e)(1) provides special treatment to distributions made by a corporation during the PTTP if such distributions (i) consist of money and (ii) are made with respect to the corporation's stock. Those two conditions would be satisfied regardless of whether the distributing corporation had AE&P. Therefore, the Treasury Department and the IRS agree with the commenter's interpretation of section 1371(e) and § 1.1377-2, but have determined that no clarifying revisions to the regulations are necessary in this regard.

The commenter also requested confirmation that the rules regarding distributions made during the ETSC period would apply if the distributing corporation did not have AE&P as of the effective date of the revocation. *Example 1* of proposed § 1.1371-1(d) illustrates that, if an ETSC has no AE&P as of the beginning of the day on which the revocation is effective, its historical AE&P is zero. Pursuant to proposed § 1.1371-1(a)(2)(ix) and (x), such a corporation would enter its ETSC period with a AAA ratio of 1 and an AE&P ratio of zero. Therefore, each qualified distribution would be characterized as a distribution of AAA. Based on the guidance provided in *Example 1*, as well as the definition of the "AAA ratio" set forth in proposed § 1.1371-1(a)(ii), the Treasury Department and the IRS have determined that no clarifying revisions to the regulations are necessary in this regard.

C. Application of Section 481(d) to Qualified Subchapter S Subsidiaries

If an S corporation wholly owns the stock of a domestic C corporation that is not an ineligible corporation described in section 1361(b)(2), the S corporation may elect under section 1361(b)(3)(B)(ii) and § 1.1361-3 to treat the C corporation as a qualified subchapter S subsidiary (QSub) such that (i) the QSub will no longer be treated as a separate corporation and (ii) all of the QSub's assets, liabilities, and items of income, deduction, and credit will be treated as assets, liabilities, and such items (as the case may be) of the S corporation parent. If the requirements of section 1361(b)(3)(B) cease to be satisfied with respect to a QSub, including by reason of the revocation of the parent's S election, section 1361(b)(3)(C)(i) and § 1.1361-5(b)(1)(i) provide that the corporation's QSub election is terminated such that the QSub is treated, for purposes of the Code, as (i) a newly formed C corporation subsidiary separate from the parent and (ii) acquiring all of its assets (and assuming all of its liabilities) from the parent through an exchange to which section 351 of the Code applies (deemed section 351 exchange).

If the taxable income of any taxpayer, including a corporation, for the current year (year of change) is computed under a method of accounting that is different from the method of accounting used by the taxpayer in the preceding year (accounting method change), section 481 requires that the taxpayer must take into account those adjustments that are determined to be necessary solely by reason of the accounting method change to prevent items of income or expense from being duplicated or omitted (481 adjustments). Section 481(a). The 481 adjustments are generally taken into account in computing the taxpayer's taxable income in the year of change. However, section 481(c) permits a taxpayer, in such manner and subject to such conditions prescribed in regulations by the Secretary of the Treasury or his delegate (Secretary), to take 481 adjustments into account in computing taxable income for the taxable year or years permitted under such regulations. As noted earlier, section 481(d)(1) permits an ETSC to take into account any 481 adjustments that are attributable to the revocation of an S election over a six-taxable year period beginning with the year of change (that is, the section 481(d) inclusion period).

Commenters have correctly observed that section 481(a) and (d) do not apply to an ETSC's newly formed C

corporation subsidiary (ETSC corporate subsidiary) that operated as a QSub prior to the revocation of its parent's S election. Upon such a revocation, the ETSC corporate subsidiary is treated as acquiring all of its assets and assuming all of its liabilities from the ETSC in a deemed section 351 exchange. See section 1361(b)(3)(C)(i); § 1.1361-5(b)(1)(i). A corporation formed for a business purpose is a taxpayer separate from its shareholder(s). See generally *Moline Properties v. Commissioner*, 319 U.S. 436 (1943). As a result of the ETSC corporate subsidiary's status as a new C corporation with no prior taxable year (rather than, for example, as a successor under section 381(a) of the Code), commenters have noted that the ETSC corporate subsidiary lacks any historical method of accounting from which to change. Compare § 1.446-1(e)(1) (providing that a taxpayer filing its first return may adopt any permissible method of accounting in computing taxable income for the taxable year covered by such return) with section 381(c)(4) (providing that, in general, a successor corporation must use the method of accounting used by the predecessor corporation as of the date of the section 381(a) transaction).

Notwithstanding those observations of the law, commenters have requested that the final regulations extend the section 481(d) inclusion period to an accrual method ETSC corporate subsidiary that operated as a cash method QSub of a cash method S corporation prior to the revocation of the parent's S election. These commenters highlighted that, in the deemed section 351 exchange required by section 1361(b)(3)(C)(i) and § 1.1361-5(b)(1)(i) that results from the revocation of the parent's S election, the accounts receivable of a former cash method QSub would be deemed transferred to the accrual method ETSC corporate subsidiary with a zero basis. See generally *Raich v. Commissioner*, 46 T.C. 604 (1966) (holding that trade accounts receivable of a cash method transferor received by an accrual basis transferee in a section 351 exchange had a zero basis). Therefore, the ETSC corporate subsidiary would recognize income as it collects amounts on the transferred receivables. In the case where the ETSC corporate subsidiary collects the entire amount of the transferred receivables during its first taxable year, commenters contended that the ETSC corporate subsidiary's inability to include the amount received over the six-year section 481(d) inclusion period would inappropriately disadvantage the former QSub as

compared to its former S corporation parent.

The Treasury Department and the IRS understand the commenters' concerns regarding the statutorily limited application of section 481(d) and observe that the commenters' request is not unique to the application of section 481(d), but rather addresses the longstanding treatment of former S corporations and QSubs under section 481 with regard to a deemed section 351 exchange. Throughout the nearly 25-year period since the 1996 enactment of the QSub provisions under section 1361, section 481(a)(2) and any inclusion period for a 481 adjustment have not applied with respect to former QSubs. See section 1308 of the Small Business Job Protection Act of 1996, Public Law 104-188, 110 Stat. 1755, 1782-3 (August 20, 1996). See also Rev. Proc. 97-27, 1997-1 C.B. 680, section 5.02(3)(a) (providing a four-year amortization period solely to taxpayers that have a 481 adjustment); Rev. Proc. 2015-13, 2015-5 I.R.B. 419, section 7.03(1) (same). After considering the commenters' analysis and the explicit reference in section 481(d) to section 481(a)(2), the Treasury Department and the IRS have determined that section 481(d) does not apply to ETSC corporate subsidiaries, but rather maintains the longstanding application of section 481(a) solely to taxpayers that make an accounting method change. Accordingly, there is no authority under section 481(d) to extend the section 481(d) inclusion period to ETSC corporate subsidiaries.

Commenters also contended that the Treasury Department and the IRS could override the limited scope of section 481(d) through special QSub regulations issued under the authority provided by section 481(c), which, in the case of a taxpayer making an accounting method change, authorizes regulations permitting a taxpayer to take any 481 adjustment into account in computing taxable income for the taxable year or years permitted under such regulations. For example, commenters suggested that the final regulations permit an accrual method ETSC corporate subsidiary to elect to treat the assets received (and liabilities assumed) by the ETSC corporate subsidiary in the deemed section 351 exchange as though the subsidiary had owned such assets (and had such liabilities) in a prior taxable year, thereby creating an accounting method change upon the revocation. However, this approach contradicts the explicit text of section 1362(b)(3)(C)(i), which provides that, "[f]or purposes of this title" (that is, for purposes of all of the provisions of the Code), an ETSC

corporate subsidiary "shall be treated as a new corporation."

In the alternative, commenters suggested that the final regulations could permit taxpayers to treat the assets received (and liabilities assumed) by an ETSC corporate subsidiary as though still owned by the former S corporation on the date on which the former S corporation becomes an ETSC. Under this approach, the ETSC's 481 adjustment would be computed as if the ETSC owned such assets and was subject to such liabilities. For support, these commenters highlighted anti-abuse regulations issued under section 263A of the Code (UNICAP anti-abuse regulations) that utilized this alternative approach. See § 1.263A-7(c)(4)(ii) (providing an anti-abuse rule regarding the use of section 351 exchanges to avoid application of section 263A). However, the UNICAP anti-abuse regulations were issued under the authority of section 263A(h)(1) rather than the authority granted the Secretary under section 481(c). See 52 FR 10052, 10059 (March 30, 1987). Section 263A(h)(1) requires the Secretary to "prescribe rules to carry out the purpose of section 263A, including regulations to prevent the use of related parties, pass-thru entities, or intermediaries to avoid the application of this section." Section 263A(j)(1).

The Treasury Department and the IRS have considered the commenters' suggested approaches for extending the section 481(d) inclusion period to ETSC corporate subsidiaries but have determined that section 481(c) would not support either approach. Section 481(c) and § 1.481-1(c)(2) provide the general rule that the 481 adjustment is taken into account in computing taxable income in the year of change, unless the Commissioner prescribes a different taxable year or years to take the 481 adjustment into account under §§ 1.446-1(e)(3) and 1.481-4. Any regulations issued under section 481(c) can apply only "[i]n the case of any change described in [section 481](a)" with regard to "adjustments required by [section 481](a)(2)." As acknowledged by the commenters, section 481(a) does not apply to an ETSC corporate subsidiary because such entity is newly formed and therefore could not have had a prior accounting method to potentially change.

Based on the foregoing, the final regulations do not adopt either of the commenters' alternative suggestions or provide any inclusion period for ETSC corporate subsidiaries under section 481. The Treasury Department and the IRS, however, note that TCJA amendments to section 448(c) of the

Code have significantly expanded the applicability of the cash method to C corporations, including ETSC corporate subsidiaries. As amended by section 13102(a) of the TCJA (131 Stat. 2054, 2102-3), section 448(c) provides that a C corporation may use the cash method if the corporation has average annual gross receipts not exceeding \$25 million (adjusted for inflation) for its three prior taxable years. Prior to the TCJA, the gross receipts threshold under section 448(c) was \$5 million. As a result, fewer ETSC corporate subsidiaries will be required to adopt the accrual method as their permissible method of accounting for their first tax return than if the section 448(c) gross receipts threshold had not been increased from \$5 million to \$25 million.

III. Comments Regarding the Post-Termination Transition Period

The last sentence of § 1.1377-2(b), as in effect prior to the effective date of these final regulations (no-newcomer rule), limited the special treatment provided under section 1371(e)(1) (with respect to distributions of money during a corporation's PTTP) solely to those shareholders who were shareholders of the corporation at the time that it terminated or revoked its S election (collectively, legacy shareholders). Because the rules pertaining to the PTTP and to the ETSC period serve a similar objective of easing the transition from S corporation to C corporation status, the Treasury Department and the IRS determined that the rules regarding newcomers (that is, non-legacy shareholders) should be consistent. See preamble to the proposed regulations, Explanation of Provisions, part IV. Therefore, based on the rationale for rejecting a no-newcomer rule with respect to the ETSC period, as set forth in part II.A of the Explanation of Provisions of the preamble to the proposed regulations, the Treasury Department and the IRS determined that such a rule should also not apply with respect to the PTTP and proposed the removal of the no-newcomer rule in § 1.1377-2(b). See *Id.*

A. Reliance on the § 1.1377-2(b) No-Newcomer Rule

One commenter expressed concern that elimination of the no-newcomer rule in § 1.1377-2(b) could alter bargained-for economic results if a legacy shareholder had transferred less than all of its shares prior to November 7, 2019 (that is, the publication date of the proposed regulations) or after that date but pursuant to a binding agreement entered into before that date. In particular, the commenter contended

that legacy shareholders who transferred less than all of their shares would have expected that only legacy shareholders could receive distributions of AAA during the PTTP, and perhaps even during the ETSC period. According to the commenter, this expectation would have reduced the bargained-for price for the transferred shares to reflect the tax benefit of the future tax-free distributions.

The commenter provided an example in which a sole shareholder of an ETSC sold 40 percent of its stock to a third-party. The sale price was set prior to November 7, 2019, and the parties assumed that the no-newcomer rule would limit distributions of AAA to the legacy shareholder during the PTTP, and that a similar rule would apply during the ETSC period. Under the proposed elimination of the no-newcomer rule in § 1.1377-2(b), however, the newcomer, and not the legacy shareholder, would be eligible to receive 40 percent of any AAA distributed during the PTTP or ETSC period. The commenter observed that the newcomer's accession to a 40 percent interest in the corporation's AAA during the PTTP and ETSC period amounts to a transfer of a tax benefit from the legacy shareholder to the newcomer for no consideration, contrary to the parties' expectations. Therefore, the commenter recommended that the final regulations include an additional transition rule. Under this rule, if shares of a former S corporation were transferred to a newcomer pursuant to a binding agreement entered into before the applicability date of the final regulations, then, except upon unanimous agreement of current shareholders of a corporation that are legacy shareholders, the no-newcomer rule would apply during the PTTP, and a similar rule would apply during the ETSC period.

The Treasury Department and the IRS understand the concern underlying the commenter's recommendation. However, the Treasury Department and the IRS intended the applicability date provisions in the proposed regulations, and as adopted in these final regulations, to afford corporations transition flexibility in applying § 1.1377-2(b) with regard to the PTTP. Section 1.1377-2(b), as revised by the final regulations to eliminate the no-newcomer rule for special treatment under section 1371(e)(1) of distributions of money by a corporation with respect to its stock during the post-termination transition period applies to a corporation's taxable years beginning after the date of publication of the final

regulations. In the case of a corporation using the calendar year as its annual accounting period, newcomers are not entitled to receive distributions of AAA before January 1, 2021, unless the corporation chooses to apply § 1.1377-2(b) before January 1, 2021. Corporations to which the commenter's transition rule would have applied generally will thus have completed their PTTPs prior to the applicability of § 1.1377-2(b). Distributions of AAA during those PTTPs would have been limited to legacy shareholders. Additionally, the commenter's proposed transition rule would add complexity in administering these rules. Accordingly, the Treasury Department and the IRS have determined that the applicability date provisions, as set forth in the proposed regulations and adopted in these final regulations, balance appropriately the protection of legacy taxpayers' expectations with the goal of the Treasury Department and the IRS to minimize complexity and administrative difficulties for S corporations, their shareholders, and the IRS.

With regard to the ETSC period, as discussed in part II.A of the Explanation of Provisions of the preamble to the proposed regulations, section 1371(f) does not contain a no-newcomer rule similar to § 1.1377-2(b), and the Treasury Department and the IRS have concluded that it is inappropriate to adopt one. Corporations may have applied a similar analysis of section 1371(f) and made distributions of AAA to newcomers during their respective ETSC periods. Providing an alternate rule in these final regulations for the ETSC period could unexpectedly alter taxpayers' bargained-for economic results. Therefore, the Treasury Department and the IRS have determined that the best way to address this situation is to allow but not require corporations to apply the final regulations addressing distributions made during the ETSC period to taxable years beginning on or before the date that these final regulations are published in the **Federal Register**.

B. Consideration of Request for an Additional 120-Day PTTP

A commenter recommended that the final regulations provide a new 120-day PTTP that would begin on the applicability date of the final regulations. The commenter noted that this new PTTP would create an opportunity for any C corporation with undistributed AAA that expired at the end of its PTTP to restore and distribute such AAA pursuant to section 1371(e)(1) and § 1.1377-2. The

commenter contended that the elimination of the no-newcomer rule only for terminations that occur after the issuance of the proposed regulations disadvantages corporations that terminated their S election more than one year prior to issuance of the proposed regulations, as compared to corporations that terminated their S election after the issuance of the proposed regulations.

The Code sets forth a statutory definition of the PTTP that includes detailed limits on its duration. Specifically, section 1377(b)(1)(A), (B), and (C) provide three separate durations for the PTTP, the respective applicability of which depends upon particular events. While the Treasury Department and the IRS acknowledge the concerns raised by the commenter, the final regulations do not adopt the commenter's recommendation because (i) section 1377(b) provides specific, detailed, and unambiguous guidance on the duration of a PTTP, and (ii) the recommended revision to § 1.1377-2 exceeds the scope of the authority granted to prescribe regulations under sections 1371 or 1377.

IV. Consideration of Comment Regarding Treatment of ETSC Status and AAA as Section 381 Items

In the case of certain asset acquisitions, section 381(a) generally requires the acquiring corporation to succeed to and take into account the tax items described in section 381(c) of the distributor or transferor corporation. See section 381(a) (describing distributions to which section 332 of the Code applies and transfers to which section 361 of the Code applies that are carried out in connection with certain reorganizations described in section 368(a)(1) of the Code); section 381(c) (enumerating tax items of the distributor or transferor corporation that the acquiring corporation succeeds to and takes into account under section 381(a)).

A commenter requested that the final regulations confirm that ETSC status and AAA constitute tax items that an acquiring corporation would succeed to or take into account under section 381(a). The Treasury Department and the IRS have considered the issue raised by the commenter but have determined that further study would be required to promulgate the appropriate rule. In addition, the Treasury Department and the IRS have concluded that this issue exceeds the scope of the final regulations because whether AAA constitutes a tax item to which a successor may succeed under section 381 is not limited to the ETSC context.

Therefore, the final regulations do not address the commenter's request.

Applicability Dates

These regulations generally apply to taxable years beginning after October 20, 2020. See §§ 1.481–6(b), 1.1371–1(e), 1.1371–2(d), and 1.1377–3(c). However, a corporation may choose to apply the rules set forth in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety to taxable years beginning on or before October 20, 2020. If a corporation makes the choice described in the previous sentence, all shareholders of the corporation must report consistently, and the corporation must continue to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety for the corporation's subsequent taxable years.

In addition, a corporation generally may choose to not apply the no-newcomer rule in § 1.1377–2(b) to taxable years beginning on or before October 20, 2020 and with respect to which the period described in section 6501(a) as applied to that corporation has not expired. If a corporation makes the choice described in the previous sentence, all shareholders of the corporation must report consistently, and the corporation must adopt §§ 1.481–5, 1.1371–1, 1.1371–2 (if an ETSC), and § 1.1377–2(b) in their entirety and continue to apply those rules in their entirety for the corporation's subsequent taxable years.

Special Analyses

These final regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

I. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these final regulations will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act. Notwithstanding this certification, the Treasury Department and the IRS provided such an analysis in the notice of proposed rulemaking preceding these final regulations (see 84 FR 60011) and received no comments on the impact that the proposed regulations would have on small entities. This certification is based on the fact that the amount of time necessary to report the required information will be minimal in that it requires ETSCs to provide information already required to be collected by

previously existing statutory and regulatory requirements. Accordingly, the Secretary certifies that these regulations will not have a significant economic impact on a substantial number of small entities.

Pursuant to section 7805(f), the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small businesses. No comments were received from the Chief Counsel for the Office of Advocacy of the Small Business Administration.

II. Paperwork Reduction Act

These final regulations do not require collection of any new or additional information pursuant to the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Nevertheless, the Treasury Department and the IRS provided such an analysis in the notice of proposed rulemaking preceding these final regulations. See 84 FR 60011.

III. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a state, local, or tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. In 2020, that threshold is approximately \$156 million. This final rule does not include any mandate that may result in expenditures by state, local, or tribal governments, or by the private sector in excess of that threshold.

IV. Executive Order 13132: Federalism

Executive Order 13132 (entitled “Federalism”) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on state and local governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This final rule does not have federalism implications and does not impose substantial, direct compliance costs on state and local governments or preempt state law within the meaning of the Executive Order.

Drafting Information

The principal authors of these final regulations are Margaret Burow and Michael Gould of the Office of Associate

Chief Counsel (Passthroughs and Special Industries) and Aglaia Ovtchinnikova of the Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in the development of the final regulations.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding an entry in numerical order for § 1.481–6 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * Section 1.481–6 is also issued under 26 U.S.C. 481.

* * * * *

§ 1.316–2 [Amended]

■ **Par. 2.** Section 1.316–2 is amended by removing “consist only of money and” from the second sentence of paragraph (b).

§ 1.481–5 [Redesignated as § 1.481–6]

■ **Par. 3.** Section 1.481–5 is redesignated as § 1.481–6.

■ **Par. 4.** New § 1.481–5 is added to read as follows:

§ 1.481–5 Eligible terminated S corporation.

(a) *Scope.* Section 481(d)(2) of the Internal Revenue Code (Code) and this section provide rules relating to the qualification of a corporation as an eligible terminated S corporation (ETSC). Paragraph (b) of this section sets forth the requirements a corporation must meet to qualify as an ETSC. Paragraph (c) of this section describes certain transfers and other events that are disregarded for purposes of determining whether a corporation qualifies as an ETSC, as well as the treatment of revocations for which the effective date is the first day of the taxable year during which the revocation is made. Paragraph (d) of this section contains examples illustrating the rules of this section.

(b) *ETSC qualification.* For a C corporation to qualify as an ETSC, it must satisfy the following requirements:

- (1) The corporation must have been an S corporation on December 21, 2017;
- (2) During the 2-year period beginning on December 22, 2017, the corporation

must have made a valid revocation of its S election under section 1362(d)(1) and the regulatory provisions in this part under section 1362 of the Code (revocation); and

(3) Except as provided in paragraph (c) of this section, the owners of the shares of stock of the corporation must be the same (and in identical proportions) on both:

(i) December 22, 2017; and

(ii) The day on which the revocation is made.

(c) *Special rules*—(1) *Certain disregarded events*. The following events are disregarded for purposes of determining whether the requirement in paragraph (b)(3) of this section is satisfied:

(i) Transfers of stock between a shareholder and that shareholder's trust treated as wholly owned by that shareholder under subpart E of subchapter J of chapter 1 of the Code;

(ii) Transfers of stock between a shareholder and an entity owned by that shareholder that is disregarded as separate from its owner under § 301.7701–2(c)(2)(i) of the Procedure and Administration Regulations;

(iii) An election by a shareholder trust to be treated as part of a decedent's estate under section 645 of the Code or the termination of an election under that section;

(iv) A change in the status of a shareholder trust from one type of eligible S corporation shareholder trust described in section 1361(c)(2)(A) of the Code to another type of eligible S corporation shareholder trust; for example, a trust to which the shares of stock were transferred pursuant to the terms of a will (testamentary trust) described in section 1361(c)(2)(A)(iii) that elects to become an electing small business trust described in section 1361(c)(2)(A)(v) and (e); and

(v) A transaction that includes more than one of the events described in this paragraph (c)(1).

(2) *Certain revocations*. For purposes of paragraphs (b)(2) and (b)(3)(ii) of this section, a revocation with an effective date that is the first day of the taxable year during which the revocation is made pursuant to section 1362(d)(1)(C)(i) may be treated as having been made on the day the revocation was made or on the effective date of the revocation.

(d) *Examples*. Paragraphs (d)(1) through (3) of this section (*Examples 1 through 3*) illustrate the rules of this section. For purposes of paragraphs (d)(1) through (3) of this section (*Examples 1 through 3*), as of December 1, 2017, X is a calendar year S corporation with 100 shares of stock

outstanding that is owned equally by unrelated individuals A and B. Pursuant to section 1362(d)(1) and §§ 1.1362–2 and 1.1362–6, X made a valid revocation of its S election on March 15, 2019, effective on January 1, 2019. X treats the revocation as having been made on March 15, 2019, for purposes of paragraphs (b)(2) and (b)(3)(ii). At all times, X has a single class of stock outstanding. Paragraphs (d)(1) through (3) of this section (*Examples 1 through 3*) describe all relevant transactions involving the X stock from December 1, 2017, until March 15, 2019.

(1) *Example 1*—(i) *Facts*. On June 5, 2018, A contributed 20 of its shares of X stock to Y, a wholly owned limited liability company that is disregarded as an entity separate from A pursuant to § 301.7701–2(c)(2)(i). On June 14, 2018, A contributed all of its interest in Y to Trust, which was a revocable trust treated as a wholly owned grantor trust of A pursuant to sections 671 and 676 of the Code. On December 27, 2018, B sold 10 shares of its X stock to C, an unrelated person.

(ii) *Analysis*. X is an ETSC if it satisfies the requirements of paragraph (b) of this section.

(A) *S corporation*. X was an S corporation on December 21, 2017. Therefore, X satisfies the requirement of paragraph (b)(1) of this section.

(B) *Date of revocation*. X made a valid revocation of its S election pursuant to section 1362(d)(1) on March 15, 2019, which is during the two-year period specified in paragraph (b)(2) of this section. Therefore, X satisfies the requirement of paragraph (b)(2) of this section.

(C) *Ownership*. For purposes of the requirement in paragraph (b)(3) of this section, the relevant dates are: December 22, 2017, and March 15, 2019 (the date X made a revocation of its S corporation status).

(1) *A's ownership interest*. As of December 22, 2017, A owned 50 shares of the outstanding shares of X stock. On June 5, 2018, A contributed 20 of its shares of X stock to Y (Transfer). On June 14, 2018, A contributed all of its interest in Y to Trust (Contribution). Both the Transfer and the Contribution are disregarded for purposes of determining whether the requirement of paragraph (b)(3) of this section is satisfied. See paragraphs (c)(2) and (1) of this section, respectively. Therefore, A owns 50 shares of the outstanding stock of X on March 15, 2019.

(2) *B's ownership interest*. As of December 22, 2017, B owned 50 shares of the outstanding shares of X stock. On December 27, 2018, B sold 10 shares to C. Therefore, B owns 40 shares of the

outstanding stock of X on March 15, 2019.

(3) *C's ownership interest*. As of December 22, 2017, C owned no shares of X stock. On December 27, 2018, C purchased 10 shares from B. Therefore, C owns 10 shares of the outstanding stock of X on March 15, 2019.

(4) *Failure to satisfy the requirement in paragraph (b)(3) of this section*. As described in paragraphs (d)(1)(ii)(C)(2) and (3) of this section, B's and C's interest in X were not in the same proportions on December 22, 2017, and March 15, 2019. Therefore, X does not satisfy the requirement of paragraph (b)(3) of this section and does not qualify as an ETSC.

(iii) *Restoration of interests prior to end of PTP*. If C transferred its shares of X stock back to B on February 1, 2019, then on December 22, 2017, and March 15, 2019, A and B will have owned 50 shares of the outstanding stock of X. Under these facts, X satisfies the requirement of paragraph (b)(3) of this section and qualifies as an ETSC.

(2) *Example 2*—(i) *Facts*. The facts are the same as in paragraph (d)(1)(i) of this section, except that B sold 10 shares of its X stock to C on December 18, 2017, in addition to the sale of 10 shares of X stock on December 27, 2018.

(ii) *Analysis*. The analysis in paragraph (d)(1)(ii)(A) and (B) of this section remains the same regarding the requirements of paragraph (b)(1) and (2) of this section. With respect to the requirement of paragraph (b)(3) of this section, on December 22, 2017, A owned 50%, B owned 40%, and C owned 10% of the outstanding stock of X. As in paragraph (d)(1)(ii)(C)(1) of this section, the Transfer and the Contribution are disregarded for purposes of determining whether the requirement of paragraph (b)(3) of this section is satisfied. Therefore, on March 15, 2019, A owned 50% (50 shares), B owned 30% (30 shares), and C owned 20% (20 shares) of the outstanding shares of X. Even though A, B, and C owned shares of X on December 22, 2017, B's and C's proportionate ownership interest of X stock was not the same on December 22, 2017, and March 15, 2019. Therefore, X does not satisfy the requirement of paragraph (b)(3) of this section and does not qualify as an ETSC.

(3) *Example 3*—(i) *Facts*. The facts are the same as in paragraph (d)(1)(i) of this section, except that X made a valid revocation of its S election on November 1, 2019, effective on January 1, 2020.

(ii) *Analysis*. The analysis in paragraph (d)(1)(ii)(A) through (C) of this section remains the same regarding the requirements of paragraph (b)(1)

through (3) of this section, except that the relevant dates are: December 22, 2017, and November 1, 2019 (the date X made a revocation of its S corporation status). Although the effective date of X's revocation of its S election (January 1, 2020) occurs after the conclusion of the two-year period specified in paragraph (b)(2) of this section, it is irrelevant for purposes of determining whether the requirements of paragraph (b)(2) and (3) of this section are satisfied.

■ **Par. 5.** Newly redesignated § 1.481–6 is revised to read as follows:

§ 1.481–6 Effective dates; applicability dates.

(a) Sections 1.481–1, 1.481–2, 1.481–3, and 1.481–4 are effective for Consent Agreements signed on or after December 27, 1994. For Consent Agreements signed before December 27, 1994, see §§ 1.481–1, 1.481–2, 1.481–3, 1.481–4, and 1.481–5 as contained in 26 CFR part 1, revised as of April 1, 1995.

(b) Section 1.481–5 applies to taxable years beginning October 20, 2020. However, a corporation may choose to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety to taxable years beginning on or before October 20, 2020. If a corporation makes the choice described in the previous sentence, the corporation must continue to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety for the corporation's subsequent taxable years.

■ **Par. 6.** Section 1.1362–2 is amended by adding paragraph (a)(2)(iii) to read as follows:

§ 1.1362–2 Termination of election.

(a) * * *

(2) * * *

(iii) *Applicability of section 7503.*

With respect to a revocation made under paragraph (a)(2) of this section, see section 7503 (addressing time for performance of acts where the last day occurs on a Saturday, Sunday, or legal holiday). This paragraph (a)(2)(iii) applies to revocations made under paragraph (a)(2) of this section effective after October 20, 2020. A corporation may apply this paragraph (a)(2)(iii) retroactively to a revocation made by the corporation under paragraph (a)(2) of this section effective on or before October 20, 2020.

* * * * *

■ **Par. 6.** Sections 1.1371–1 and 1.1371–2 are added to read as follows:

§ 1.1371–1 Distributions of money by an eligible terminated S corporation.

(a) *Scope and definitions*—(1) *Scope.* This section provides rules relating to qualified distributions and distributions to which section 301 of the Internal Revenue Code (Code) applies during each taxable year of the ETSC period, including the taxable year in which the ETSC period ends. If an ETSC does not make any qualified distributions during a taxable year, then no distribution by the ETSC is governed by section 1371(f) of the Code or this section. Paragraph (a)(2) of this section contains definitions that apply for purposes of this section. Paragraph (b) of this section contains rules regarding the characterization of a qualified distribution. Paragraph (c) of this section contains rules regarding the characterization of any excess qualified distribution and non-qualified distribution during each taxable year of the ETSC period, including the taxable year in which the ETSC period ends. Paragraph (d) of this section contains examples illustrating the rules of this section. Paragraph (e) of this section contains the applicability date of this section.

(2) *Definitions.* The following definitions apply for purposes of this section—

(i) *AAA.* The term *AAA* means the accumulated adjustments account, within the meaning of section 1368(e)(1)(A) of the Code and § 1.1368–2(a)(1).

(ii) *AAA ratio.* Except as provided in this paragraph or paragraph (b)(3)(iv) of this section, the term *AAA ratio* means the fraction of which the numerator is historical *AAA* and the denominator is the sum of historical *AAA* and historical *AE&P*. Notwithstanding the preceding sentence, if the *AE&P* of the ETSC is less than or equal to zero as of the beginning of a taxable year, then the *AAA ratio* is one for such year and for all subsequent taxable years of the ETSC period.

(iii) *AE&P.* The term *AE&P* means earnings and profits described in section 316(a)(1) of the Code.

(iv) *AE&P ratio.* Except as provided in this paragraph or paragraph (b)(3)(iv) of this section, the term *AE&P ratio* means the fraction of which the numerator is historical *AE&P*, and the denominator is the sum of historical *AAA* and historical *AE&P*. Notwithstanding the preceding sentence, if the *AE&P* of the ETSC is less than or equal to zero as of the beginning of a taxable year, then the *AE&P ratio* is zero for such year and all subsequent taxable years of the ETSC period.

(v) *CE&P.* The term *CE&P* means earnings and profits that are described in section 316(a)(2).

(vi) *ETSC.* The term *ETSC* means an eligible terminated S corporation, within the meaning of section 481(d) of the Code and § 1.481–5.

(vii) *ETSC period.* In general, the term *ETSC period* means any taxable year, or portion thereof, of an ETSC beginning on the first day after the post-termination period within the meaning of section 1377(b)(1)(A) of the Code and ending on the date on which the ETSC's *AAA* balance is zero. Additionally, an ETSC does not have an ETSC period if the ETSC's *AAA* balance is not greater than zero at the end of its post-termination transition period. See § 1.1371–2 for rules governing the impact of a post-termination period, within the meaning of section 1377(b)(1)(B), on the ETSC period.

(viii) *Excess qualified distribution.* The term *excess qualified distribution* means the portion of a qualified distribution that is not characterized pursuant to paragraph (b)(2) or (3) of this section.

(ix) *Historical AAA.* The term *historical AAA* means the *AAA* of the ETSC as of the beginning of the day on which the revocation of an election under section 1362(a) of the Code is effective pursuant to section 1362(d)(1).

(x) *Historical AE&P.* The term *historical AE&P* means the *AE&P* of the ETSC as of the beginning of the day on which the revocation of an election under section 1362(a) is effective pursuant to section 1362(d)(1). For purposes of the preceding sentence, if the ETSC's historical *AE&P* is less than zero, then the historical *AE&P* is treated as zero.

(xi) *Non-qualified distribution.* The term *non-qualified distribution* means a distribution that is not a qualified distribution and to which section 301 applies.

(xii) *Qualified distribution.* The term *qualified distribution* means a distribution of money by an ETSC during the ETSC period to which, absent the application of section 1371(f) and this section, section 301 would apply. However, if paragraph (d)(2)(i) of this section applies to the ETSC, then a qualified distribution to a non-legacy shareholder is treated as a non-qualified distribution.

(b) *Characterization of qualified distribution*—(1) *In general.* Paragraph (b)(2) of this section provides rules regarding the determination of the amount of a qualified distribution that is sourced from *AAA* and the corollary effects of such a characterization. Paragraph (b)(3) of this section provides rules regarding the determination of the amount of a qualified distribution that is sourced from *AE&P* and the corollary

effects of such a characterization. Paragraph (b)(4) of this section provides rules regarding the characterization of an excess qualified distribution as a separate qualified distribution. The rules in paragraphs (b)(2) through (4) of this section are applied before the application of paragraph (c) of this section.

(2) *Distribution of AAA*—(i) *Amount*. The portion of a qualified distribution that is sourced from an ETSC's AAA is equal to the lesser of:

(A) The product of the qualified distribution and the AAA ratio; and

(B) The ETSC's AAA immediately before the qualified distribution.

(ii) *Reduction or elimination of ETSC's AAA*. The ETSC's AAA is reduced by the amount of the distribution described in paragraph (b)(2)(i) of this section. If, with respect to a qualified distribution, the amount described in paragraph (b)(2)(i)(A) of this section equals or exceeds the amount described in paragraph (b)(2)(i)(B) of this section, then the rules in this paragraph (b) do not apply to any subsequent distributions by the ETSC. Instead, the subsequent distributions are treated in the manner provided in paragraph (c) of this section.

(iii) *Effect on the shareholder*. The amount described in paragraph (b)(2)(i) of this section is applied against and reduces the shareholder's adjusted basis of the shares of stock with respect to which the distribution is made under the principles of section 301(c)(2). If the application of the amount described in paragraph (b)(2)(i) of this section would result in a reduction of basis that exceeds the shareholder's adjusted basis of any share of stock with respect to which the distribution is made, such excess is treated as gain from the sale or exchange of property. The reduction of the shareholder's basis described in this paragraph with respect to a qualified distribution occurs prior to the application of paragraph (c) of this section to the excess qualified distribution, if any, with respect to such qualified distribution.

(3) *Distribution of AE&P*—(i) *Amount*. This paragraph (b)(3) applies if an ETSC's AE&P ratio is greater than zero. If this paragraph (b)(3) applies, the portion of a qualified distribution that is sourced from the ETSC's AE&P is equal to the lesser of:

(A) The product of the qualified distribution and the AE&P ratio; and

(B) The ETSC's AE&P immediately before the qualified distribution. For purposes of the preceding sentence, if the ETSC's AE&P immediately before the qualified distribution is less than

zero, then the ETSC's AE&P is treated as zero.

(ii) *Effect on ETSC's AE&P*. The ETSC's AE&P is reduced, as described in section 312(a)(1), by the amount of the distribution described in paragraph (b)(3)(i) of this section. The AE&P reduction described in this paragraph occurs prior to the application of paragraph (c) of this section, even if a distribution to which paragraph (c) of this section applies (regarding excess qualified distributions and non-qualified distributions) occurs earlier in time than the qualified distribution to which this paragraph applies.

(iii) *Effect on the shareholder*. The amount of the qualified distribution that is sourced from the ETSC's AE&P described in paragraph (b)(3)(i) of this section is included in the gross income of the shareholder as a dividend under section 301(c)(1).

(iv) *Adjustment to the AAA ratio and the AE&P ratio*. After the application of paragraph (b)(3)(ii) of this section, if the ETSC's AE&P is zero and the ETSC's AAA is greater than zero, then the ETSC's AAA ratio is one and the ETSC's AE&P ratio is zero for all subsequent qualified distributions during:

(A) That taxable year; and

(B) All subsequent taxable years of the ETSC period.

(4) *Excess qualified distribution treated as a separate qualified distribution*—(i) *In general*. After the application of paragraph (b)(2)(ii) of this section with respect to a qualified distribution, if the ETSC has any remaining AAA, then any amount of excess qualified distribution, with respect to such qualified distribution, is treated as a separate qualified distribution and is analyzed pursuant to paragraph (b) of this section.

(ii) *No change in characterization of previously characterized portion of qualified distribution*. Paragraph (b)(4)(i) will not change the characterization of any portion of a qualified distribution that was previously characterized pursuant to paragraphs (b)(2) and (3) of this section and will reflect the application of paragraphs (b)(2) and (3) of this section to the portion of the qualified distribution previously characterized.

(c) *Characterization of excess qualified distribution and non-qualified distributions*. After the application of paragraph (b), the excess qualified distributions, if any, and non-qualified distributions, if any, are treated in the manner provided in sections 301(c) and 316.

(d) *Examples*. Paragraphs (d)(1) through (5) of this section (*Examples 1* through 5) illustrate the rules of this

section. For purposes of paragraphs (d)(1) through (5) of this section (*Examples 1* through 5), X is a calendar year S corporation with a single share of stock outstanding. A, an individual, purchased its share of X stock prior to December 22, 2017, and, except as otherwise indicated, never contributed any amounts to X's capital. A remained the sole shareholder of X when X made a valid revocation on March 15, 2018, pursuant to section 1362(d)(1) and §§ 1.1362-2 and 1.1362-6, of its S election and when that revocation became effective on January 1, 2018. X qualified as an ETSC pursuant to § 1.481-5(b) and its ETSC period began on January 1, 2019. Additionally, X did not make any distributions during its post-termination transition period, within the meaning of section 1377(b)(1)(A). Furthermore, A remains the sole shareholder of X at the time of the distribution(s) described.

(1) *Example 1: Historical AE&P is zero*—(i) *Facts*. At the beginning of January 1, 2018, X had AAA of \$100 and AE&P of \$0. During 2018, X had \$300 of CE&P and made no distributions. At the beginning of January 1, 2019, X has AAA of \$100 and AE&P of \$300, and A's adjusted basis in its share of X stock is \$460. During 2019, the only distribution that X makes is a \$60 distribution of money to A on December 27. X's CE&P during 2019 is \$150, without diminution by reason of any distributions made during the taxable year.

(ii) *Analysis*—(A) *Calculation of AAA ratio and AE&P ratio*. Pursuant to paragraphs (a)(2)(ix) and (x) of this section, respectively, X's historical AAA and X's historical AE&P are determined as of the beginning of January 1, 2018, the beginning of the day on which the revocation of X's election under section 1362(a) is effective pursuant to section 1362(d)(1). Accordingly, X's historical AAA is \$100 and X's historical AE&P is \$0. Therefore, X's AAA ratio is 1 (\$100/(\$100 + \$0)), and X's AE&P ratio is zero (\$0/(\$100 + \$0)).

(B) *Characterization of distribution*. Pursuant to paragraph (a)(2)(xii) of this section, the \$60 distribution on December 27, 2019, is a qualified distribution because it is a distribution of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section.

(C) *Analysis of qualified distribution*—(1) *Distribution of AAA*. Pursuant to paragraph (b)(2)(i) of this section, the portion of the qualified distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio

(\$60 × 1, or \$60), and X's AAA immediately before the qualified distribution (\$100). Therefore, \$60 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$60 to \$40. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$60 to \$400.

(2) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: The product of the qualified distribution and the AE&P ratio (\$60 × 0, or \$0), and X's AE&P immediately before the qualified distribution (\$300). Therefore, \$0 is sourced from AE&P.

(2) *Example 2: Qualified distributions with both historical AAA and historical AE&P—(i) Facts.* At the beginning of January 1, 2018, X had AAA of \$200 and AE&P of \$100. During 2018, X had \$0 of CE&P and made no distributions. At the beginning of January 1, 2019, X has AAA of \$200 and AE&P of \$100, and A's adjusted basis in its share of X stock is \$500. During 2019, X makes a \$90 distribution of money on February 9 and a \$150 distribution of money on June 5. X's CE&P during 2019 is \$500, without diminution by reason of any distributions made during the taxable year.

(ii) *Analysis—(A) Calculation of AAA ratio and AE&P ratio.* Pursuant to paragraphs (a)(2)(ix) and (x) of this section, respectively, X's historical AAA and X's historical AE&P are determined as of the beginning of January 1, 2018, the beginning of the day on which the revocation of X's election under section 1362(a) is effective pursuant to section 1362(d)(1). Accordingly, X's historical AAA is \$200 and X's historical AE&P is \$100. Therefore, X's AAA ratio is 0.67 (\$200/(\$200 + \$100)), and X's AE&P ratio is 0.33 (\$100/(\$200 + \$100)).

(B) *Characterization of distributions.* Pursuant to paragraph (a)(2)(xii) of this section, the \$90 distribution on February 9, 2019, and the \$150 distribution on June 5, 2019, are both qualified distributions because they are distributions of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section.

(C) *Analysis of qualified distributions—(1) February 9, 2019 distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the qualified distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio (\$90 × 0.67, or \$60), and X's AAA immediately before the qualified

distribution (\$200). Therefore, \$60 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$60 to \$140. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$60 to \$440.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: the product of the qualified distribution and the AE&P ratio (\$90 × 0.33, or \$30), and X's AE&P immediately before the qualified distribution (\$100). Therefore, \$30 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$30 to \$70. Pursuant to paragraph (b)(3)(iii) of this section, the \$30 distribution is characterized as a dividend.

(2) *June 5, 2019 distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the qualified distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio (\$150 × 0.67, or \$100), and X's AAA immediately before the qualified distribution (\$140). Therefore, \$100 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$100 to \$40. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$100 to \$340.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: The product of the qualified distribution and the AE&P ratio (\$150 × 0.33, or \$50), and X's AE&P immediately before the qualified distribution (\$70). Therefore, \$50 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$50 to \$20. Pursuant to paragraph (b)(3)(iii) of this section, the \$50 distribution is characterized as a dividend.

(3) *Example 3: Limitation on amount characterized as AAA—(i) Facts.* At the beginning of January 1, 2018, X had AAA of \$100 and AE&P of \$300. During 2018, X had \$280 of CE&P and made no distributions. At the beginning of January 1, 2019, X has AAA of \$100 and AE&P of \$580, and A's adjusted basis in its share of X stock is \$450. During 2019, the only distribution that X makes is a \$500 distribution of money to A on October 5. X's CE&P during 2019 is \$150, without diminution by reason of

any distributions made during the taxable year.

(ii) *Analysis—(A) Calculation of AAA ratio and AE&P ratio.* Pursuant to paragraphs (a)(2)(ix) and (x) of this section, respectively, X's historical AAA and X's historical AE&P are determined as of the beginning of January 1, 2018, the beginning of the day on which the revocation of X's election under section 1362(a) is effective pursuant to section 1362(d)(1). Accordingly, X's historical AAA is \$100 and X's historical AE&P is \$300. Therefore, X's AAA ratio is 0.25 (\$100/(\$100 + \$300)), and X's AE&P ratio is 0.75 (\$300/(\$100 + \$300)).

(B) *Characterization of distribution.* Pursuant to paragraph (a)(2)(xii) of this section, the \$500 distribution on October 5, 2019, is a qualified distribution because it is a distribution of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section.

(C) *Analysis of qualified distribution—(1) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the qualified distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio (\$500 × 0.25, or \$125), and X's AAA immediately before the qualified distribution (\$100). Therefore, \$100 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$100 to \$0. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$100 to \$350.

(2) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: the product of the qualified distribution and the AE&P ratio (\$500 × 0.75, or \$375), and X's AE&P immediately before the qualified distribution (\$580). Therefore, \$375 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$375 to \$205. Pursuant to paragraph (b)(3)(iii) of this section, the \$375 distribution is characterized as a dividend.

(D) *Effect of qualified distribution on ETSC period.* Pursuant to paragraph (a)(2)(vii) of this section, X's ETSC period ends because X's AAA balance is zero following the October 5, 2019 distribution.

(E) *Analysis of excess qualified distribution—(1) Amount of excess qualified distribution.* Pursuant to paragraph (a)(2)(viii) of this section, the amount of the excess qualified distribution is \$25, the portion of the

qualified distribution (\$500) not characterized pursuant to paragraph (b)(2) or (3) of this section (\$100 AAA distribution + \$375 AE&P distribution).

(2) *Characterization of excess qualified distribution.* Paragraph (b)(4) of this section does not apply to the excess qualified distribution because X's AAA balance is zero after the application of paragraph (b)(2)(ii) of this section (see paragraph (d)(3)(ii)(C)(1) of this section). Pursuant to paragraph (c) of this section, section 301(c) applies to the excess qualified distribution. Pursuant to sections 301(c)(1) and 316, the \$25 excess qualified distribution is sourced from CE&P.

(iii) *Subsequent contribution.* The facts are the same as paragraph (d)(3)(i) of this section, except that at the time of the October 5, 2019 distribution, A's adjusted basis in its X stock is \$90. Further, on December 27, 2019, A contributes \$100 to X in a transaction described in section 351(a). The analysis in paragraph (d)(3)(ii) of this section remains the same, except that, unlike the second to last sentence of paragraph (d)(3)(ii)(C)(1) of this section, A's basis in its X stock is reduced by \$90 to \$0 and pursuant to paragraph (b)(2)(iii) of this section, \$10 is treated as gain from the sale or exchange of property. Additionally, as a result of the December 27, 2019 contribution of \$100, A's basis in its X stock is increased by \$100, so that at the end of 2019, A's basis in its X stock is \$100.

(4) *Example 4: Limitation on the amount characterized as AE&P—(i) Facts.* At the beginning of January 1, 2018, X had AAA of \$100 and AE&P of \$100. During 2018, X had CE&P of \$75 and made no distributions. At the beginning of January 1, 2019, X has AAA of \$100 and AE&P of \$25, and A's adjusted basis in its share of X stock is \$500. During 2019, the only distributions that X makes are a \$100 distribution of money to A on July 9 and a \$40 distribution of money to A on September 27. X's CE&P during 2019 is \$20, without diminution by reason of any distributions made during the taxable year.

(ii) *Analysis—(A) Calculation of AAA ratio and AE&P ratio.* Pursuant to paragraphs (a)(2)(ix) and (x) of this section, respectively, X's historical AAA and X's historical AE&P are determined as of the beginning of January 1, 2018, the beginning of the day on which the revocation of X's election under section 1362(a) is effective pursuant to section 1362(d)(1). Accordingly, X's historical AAA is \$100 and X's historical AE&P is \$100. Therefore, X's AAA ratio is 0.5 ($\$100/(\$100 + \$100)$), and X's AE&P ratio is 0.5 ($\$100/(\$100 + \$100)$).

(B) *Analysis of July 9, 2019 distribution—(1) Characterization of distribution.* Pursuant to paragraph (a)(2)(xii) of this section, the \$100 distribution on July 9, 2019, is a qualified distribution because it is a distribution of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section.

(2) *Analysis of qualified distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio ($\$100 \times 0.5$, or \$50), and X's AAA immediately before the qualified distribution (\$100). Therefore, \$50 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$50 to \$50. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$50 to \$450.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: The product of the qualified distribution and the AE&P ratio ($\$100 \times 0.5$, or \$50), and X's AE&P immediately before the qualified distribution (\$25). Therefore, \$25 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$25 to \$0. Pursuant to paragraph (b)(3)(iii) of this section, \$25 of the distribution is characterized as a dividend.

(3) *Recalculation of AAA and AE&P ratios.* Pursuant to paragraph (b)(3)(iv) of this section, because the July 9, 2019 distribution caused X's AE&P to be reduced to zero, the AAA ratio is one and the AE&P ratio is zero for all subsequent qualified distributions during the 2019 taxable year and subsequent taxable years of the ETSC period.

(4) *Excess qualified distribution—(i) Amount of excess qualified distribution.* Pursuant to paragraph (a)(2)(viii) of this section, the amount of the excess qualified distribution is \$25, the amount of the qualified distribution (\$100) not characterized pursuant to paragraph (b)(2) or (3) of this section (\$50 AAA distribution + \$25 AE&P distribution).

(ii) *Characterization of excess qualified distribution as a separate qualified distribution.* Pursuant to paragraph (b)(4) of this section, because X has AAA remaining after characterizing the qualified distribution (see paragraph (d)(4)(ii)(B)(2)(i) of this section), the \$25 excess qualified

distribution is treated as a separate qualified distribution and is analyzed pursuant to paragraph (b) of this section.

(iii) *Analysis of excess qualified distribution that is treated as a separate qualified distribution.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the distribution that is sourced from AAA is equal to the lesser of: The product of the excess qualified distribution and the AAA ratio ($\$25 \times 1$, or \$25), and X's AAA immediately before the excess qualified distribution (\$50). Therefore, \$25 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$25 to \$25. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$25 to \$425. Pursuant to paragraph (b)(3)(i) of this section, because X's AE&P ratio is zero, paragraph (b)(3) of this section does not apply.

(C) *Analysis of September 27, 2019 distribution—(1) Characterization of the distribution.* Pursuant to paragraph (a)(2)(xii) of this section, the \$40 distribution on September 27, 2019, is a qualified distribution because it is a distribution of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section.

(2) *Analysis of qualified distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio ($\$40 \times 1$, or \$40), and X's AAA immediately before the qualified distribution (\$25) (see paragraph (d)(4)(ii)(B)(4)(iii) of this section). Therefore, \$25 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$25 to \$0. Pursuant to paragraph (b)(2)(iii) of this section, A's basis in its X stock is reduced by \$25 to \$400.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, because X's AE&P ratio is zero, paragraph (b)(3) of this section does not apply.

(3) *Excess qualified distribution—(i) Amount of excess qualified distribution.* Pursuant to paragraph (a)(2)(viii) of this section, the amount of the excess qualified distribution is \$15, the portion of the qualified distribution (\$40) not characterized pursuant to paragraph (b)(2) or (3) of this section (\$25 AAA distribution + \$0 AE&P distribution).

(ii) *Excess qualified distribution not characterized as a separate qualified distribution.* Pursuant to paragraph (b)(4) of this section, because X has

AAA of \$0 after characterizing the qualified distribution (*see* paragraph (d)(4)(ii)(C)(2)(i) of this section), the \$15 excess qualified distribution is not treated as a separate qualified distribution.

(iii) *Analysis of excess qualified distribution that is not treated as a separate qualified distribution.* Pursuant to paragraph (c) of this section, section 301(c) applies to the excess qualified distribution. Pursuant to sections 301(c)(1) and 316, the \$15 excess qualified distribution is sourced from CE&P.

(5) *Example 5: Distributions include non-qualified distributions—(i) Facts.* At the beginning of January 1, 2018, X had AAA of \$100 and AE&P of \$100. During 2018, X had \$0 of CE&P and made no distributions. At the beginning of January 1, 2019, X has AAA of \$100 and AE&P of \$100, and A's adjusted basis in its X stock is \$200. During 2019, X makes a \$100 distribution of money on June 14; a \$300 distribution of property on November 9; and a \$200 distribution of money on December 18. X's CE&P during 2019 is \$160, without diminution by reason of any distributions made during the taxable year.

(ii) *Analysis—(A) Calculation of AAA ratio and AE&P ratio.* Pursuant to paragraphs (a)(2)(ix) and (x) of this section, respectively, X's historical AAA is \$100 and X's historical AE&P is \$100. Therefore, X's AAA ratio is 0.5 ($\$100 / (\$100 + \$100)$), and X's AE&P ratio is 0.5 ($\$100 / (\$100 + \$100)$).

(B) *Characterization of distributions.* Pursuant to paragraph (a)(2)(xii) of this section, the \$100 distribution on June 14, 2019, and the \$200 distribution on December 18, 2019, are both qualified distributions because they are distributions of money by an ETSC during the ETSC period to which section 301 would apply absent the application of section 1371(f) and this section. Pursuant to paragraph (a)(2)(xi) of this section, the \$300 distribution of property on November 9, 2019, is a non-qualified distribution. Pursuant to paragraph (b)(1) of this section, the rules of paragraph (b)(2) through (b)(4) of this section apply to the qualified distributions before the rules of paragraph (c) of this section apply to the non-qualified distribution and any excess qualified distributions.

(C) *Analysis of qualified distributions—(1) June 14, 2019 distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio ($\$100 \times$

0.5, or \$50), and X's AAA immediately before the qualified distribution (\$100). Therefore, \$50 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$50 to \$50. Pursuant to paragraph (b)(2)(iii) of this section, on June 14, 2019, A's basis in its X stock is reduced by \$50 to \$150.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: The product of the qualified distribution and the AE&P ratio ($\$100 \times 0.5$, or \$50), and X's AE&P immediately before the qualified distribution (\$100). Therefore, \$50 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$50 to \$50. Pursuant to paragraph (b)(3)(iii) of this section, the \$50 distribution is characterized as a dividend.

(iii) *Amount of excess qualified distribution.* The amount of the excess qualified distribution is \$0, the amount of the qualified distribution (\$100) not characterized pursuant to paragraph (b)(2) or (3) of this section (\$50 AAA distribution + \$50 AE&P distribution).

(2) *December 18, 2019 distribution—(i) Distribution of AAA.* Pursuant to paragraph (b)(2)(i) of this section, the portion of the distribution that is sourced from AAA is equal to the lesser of: The product of the qualified distribution and the AAA ratio ($\$200 \times 0.5$, or \$100), and X's AAA immediately before the qualified distribution (\$50). Therefore, \$50 is sourced from AAA. Pursuant to paragraph (b)(2)(ii) of this section, after the distribution, X's AAA is reduced by \$50 to \$0. Pursuant to paragraph (b)(2)(iii) of this section, A must determine its basis as of December 18, 2019, in order to determine the consequences of receiving the \$50 AAA distribution. Because the non-qualified distribution on November 9, 2019, which precedes the December 18, 2019 qualified distribution, could have the effect of reducing A's basis, any effect on A's basis from that non-qualified distribution must be analyzed prior to determining the effect of the December 18, 2019 distribution of AAA on A's basis. See paragraphs (d)(5)(ii)(D)(3) and (4) of this section. Pursuant to paragraph (a)(2)(vii) of this section, X's ETSC period ends because X's AAA balance is zero following the December 18, 2019 distribution.

(ii) *Distribution of AE&P.* Pursuant to paragraph (b)(3)(i) of this section, the portion of the distribution that is sourced from AE&P is equal to the lesser of: The product of the qualified distribution and the AE&P ratio ($\$200 \times$

0.5, or \$100), and X's AE&P immediately before the qualified distribution (\$50). Therefore, \$50 is sourced from AE&P. Pursuant to paragraph (b)(3)(ii) of this section, after the distribution, X's AE&P is reduced by \$50 to \$0. Pursuant to paragraph (b)(3)(iii) of this section, the \$50 distribution is characterized as a dividend.

(iii) *Amount of excess qualified distribution.* The amount of the excess qualified distribution is \$100, the amount of the qualified distribution (\$200) not characterized pursuant to paragraph (b)(2) or (3) of this section (\$50 AAA distribution + \$50 AE&P distribution).

(D) *Analysis of non-qualified and excess qualified distributions—(1) In general.* The \$300 non-qualified distribution on November 9, 2019, and the \$100 excess qualified distribution on December 18, 2019, are treated in the manner provided in section 301(c).

(2) *Allocation of CE&P.* Pursuant to section 316 and § 1.316-2, X's CE&P is allocated proportionately among the excess qualified and the non-qualified distributions. Therefore, the portion of X's CE&P that is allocated to the November 9, 2019 distribution and the December 18, 2019 distribution is \$120 ($\$160 \text{ CE\&P} \times (\$300 \text{ distribution} / \$400 \text{ total excess qualified and non-qualified distributions during 2019})$) and \$40 ($\$160 \text{ CE\&P} \times (\$100 \text{ distribution} / \$400 \text{ total excess qualified and non-qualified distributions during 2019})$), respectively.

(3) *November 9, 2019 distribution.* Pursuant to paragraph (d)(5)(ii)(D)(2) of this section, \$120 of the \$300 distribution is characterized as a distribution of CE&P. Pursuant to paragraph (d)(5)(ii)(C)(2)(ii) of this section, the amount of X's AE&P available to allocate the November 9, 2019 distribution is \$0. Therefore, the remaining \$180 is characterized pursuant to section 301(c)(2) and (3). Pursuant to paragraph (d)(5)(ii)(C)(1)(i) of this section, A's basis in its X stock prior to the November 9, 2019 distribution is \$150. Therefore, \$150 is applied against basis pursuant to section 301(c)(2) (reducing A's basis to \$0) and \$30 is treated as gain from the sale or exchange of property pursuant to section 301(c)(3).

(4) *December 18, 2019 distribution—(i) Consequences of AAA distribution.* As of December 18, 2019, A's basis in its X stock is \$0. See paragraph (d)(5)(ii)(D)(3) of this section. Pursuant to paragraph (d)(5)(ii)(C)(2)(i) of this section, \$50 of the distribution is characterized as a distribution of AAA. Because the amount of the distribution of AAA (\$50) exceeds A's basis in its X

stock (\$0), pursuant to paragraph (b)(2)(iii) of this section, on December 18, 2019, \$50 is treated as gain from the sale or exchange of property.

(ii) *Characterization of excess qualified distribution.* Pursuant to paragraph (d)(5)(ii)(C)(2)(iii) of this section, \$100 of the December 18, 2019 distribution is an excess qualified distribution. Paragraph (b)(4) of this section does not apply to the excess qualified distribution because X's AAA balance is zero after the application of paragraph (b)(2)(ii) of this section (see paragraph (d)(5)(ii)(C)(2)(i) of this section. Pursuant to paragraph (c) of this section, section 301(c) applies to the excess qualified distribution. Pursuant to paragraph (d)(5)(ii)(D)(2) of this section, \$40 of the \$100 excess qualified distribution is characterized as a distribution of CE&P. Pursuant to paragraph (d)(5)(ii)(D)(3) of this section, X's AE&P as the time of the December 18, 2019 distribution is \$0. Therefore, the remaining \$60 is characterized pursuant to section 301(c)(2) and (3). Pursuant to paragraph (d)(5)(ii)(D)(4)(i) of this section, A's basis in its X stock prior to characterization of the excess qualified distribution is \$0. Therefore, \$60 is treated as gain from the sale or exchange of property pursuant to section 301(c)(3).

(e) *Applicability date.* This section applies to taxable years beginning after October 20, 2020. However, a corporation may choose to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety to taxable years beginning on or before October 20, 2020. If a corporation makes the choice described in the previous sentence, all shareholders of the corporation must report consistently, and the corporation must continue to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety for the corporation's subsequent taxable years.

§ 1.1371–2 Impact of Audit PTTP on ETSC Period.

(a) *Definitions.* For purposes of this section, the definitions used in § 1.1371–1(a)(2) are applicable. Additionally, the following definitions apply for purposes of this section—

(1) *Audit PTTP.* The term *audit PTTP* means a post-termination transition period described in section 1377(b)(1)(B) of the Internal Revenue Code (Code).

(2) *Initial PTTP.* The term *initial PTTP* means a post-termination transition period described in section 1377(b)(1)(A).

(3) *Intervening audit PTTP.* The term *intervening audit PTTP* means an audit PTTP arising during the ETSC period.

(b) *In general.* If an intervening audit PTTP arises, the ETSC period immediately stops. Immediately following the end of the intervening audit PTTP, the ETSC period resumes if the ETSC's AAA balance is greater than zero. Otherwise, any subsequent distributions by the ETSC are treated in the manner provided in section 301(c) of the Code.

(c) *Examples.* Paragraphs (c)(1) and (2) of this section (*Examples 1 and 2*) illustrate the rules of this section. For purposes of paragraphs (c)(1) and (2) of this section (*Examples 1 and 2*), X is a calendar year S corporation. A, an individual, purchased all of the outstanding shares of X in a single transaction at the same price per share prior to December 22, 2017, and was the sole shareholder of X at all times. Pursuant to section 1362(d)(1) of the Code and §§ 1.1362–2 and 1.1362–6, X made a valid revocation of its S election on March 15, 2019, that became effective on January 1, 2019. No amount distributed by X is an extraordinary dividend within the meaning of section 1059.

(1) *Example 1: No ETSC period following initial PTTP—(i) Facts.* At the beginning of January 1, 2019, X had AAA of \$49,000 and AE&P of \$2,000, and A's adjusted basis in its shares of X stock was \$50,000. During 2019, the only distribution that X made was a \$49,000 distribution of money to A on March 13, 2019. X's CE&P during 2019 was \$0, without regard to any diminution by reason of any distributions made during the taxable year.

(ii) *Analysis—(A) Distribution during initial PTTP.* Pursuant to sections 1371(e) and 1377(b)(1)(A), the \$49,000 distribution of money on March 13, 2019, is characterized as a distribution of AAA because it was made during the initial PTTP.

(B) *Effect on corporation.* Pursuant to § 1.1368–2(a)(3)(iii), X's AAA is reduced by \$49,000 to \$0. Following the initial PTTP, even if X satisfies the requirements of section 481(d)(2) of the Code and § 1.481–5(b) to be an ETSC, X does not have an ETSC period because its AAA balance is zero at the end of its initial PTTP. Therefore, section 1371(f) of the Code and § 1.1371–1 will not apply to any subsequent distributions by X.

(C) *Effect on shareholder.* Pursuant to section 1371(e)(1), A reduces its basis in its X stock by \$49,000 to \$1,000.

(2) *Example 2: Intervening audit PTTP—(i) Facts.* The facts are the same as the facts in paragraph (c)(1) of this section. On May 20, 2020, which is after X's initial PTTP, the IRS begins an audit

of X's 2018 return. During the audit it is agreed that X overstated its advertising expense deduction by \$10,000. On July 6, 2020, A signs a closing agreement whereby X's overstatement results in an additional tax on A's 2018 individual return. As a result, at the beginning of January 1, 2019, X had AAA of \$59,000 (\$49,000 + \$10,000) and AE&P of \$2,000. Additionally, at the beginning of January 1, 2019, A's adjusted basis in its shares of X stock was \$60,000 (\$50,000 + \$10,000). During 2020, the only distribution X makes is a \$6,000 distribution of money to A on September 1, 2020. X's CE&P during 2020 was \$0, without regard to any diminution by reason of any distributions made during the taxable year.

(ii) *Analysis—(A) Analysis of March 13, 2019 distribution.* The treatment of the March 13, 2019, distribution is the same as described in paragraph (c)(1)(ii)(A) of this section, because the amount of the distribution (\$49,000) does not exceed X's AAA balance at the beginning of January 1, 2019 (\$59,000), and so the entirety of the \$49,000 distribution is properly characterized as a distribution of AAA.

(1) *Effect on corporation.* As described in paragraph (c)(1)(ii)(B) of this section, X's AAA (\$59,000 at the beginning of January 1, 2019) is reduced by \$49,000 to \$10,000. At the conclusion of X's initial PTTP (ending on December 31, 2019), X's AAA balance is \$10,000. Pursuant to § 1.1371–1(a)(2)(vii), X has an ETSC period. Therefore, section 1371(f) and § 1.1371–1 will apply to any subsequent qualified distributions by X.

(2) *Effect on shareholder.* As described in paragraph (c)(1)(ii)(C) of this section, A reduces its basis in its X stock (\$60,000 at the beginning of January 1, 2019) by \$49,000 to \$11,000.

(B) *Intervening audit PTTP.* Pursuant to section 1377(b)(1)(B), X enters an intervening audit PTTP that begins on July 6, 2020, and ends on November 2, 2020. The application of section 1371(f) and § 1.1371–1 to distributions during the intervening audit PTTP is stopped. Instead, sections 1371(e) and 1377(b)(1)(B) and §§ 1.1371–2 and 1.1377–2 apply for the duration of the intervening audit PTTP. During the intervening audit PTTP, the only distribution X made is a \$6,000 distribution of money to A on September 1, 2020. Pursuant to sections 1371(e) and 1377(b)(1)(B), the \$6,000 distribution is characterized as a distribution of AAA because it was made during the intervening audit PTTP.

(1) *Effect on corporation.* Pursuant to § 1.1368–2(a)(3)(iii), X's AAA is reduced by \$6,000 to \$4,000. Beginning on November 3, 2020, pursuant to § 1.1371–1(a)(2)(vii), X's ETSC period resumes (after the intervening audit PTPP's conclusion) because its AAA balance is greater than zero.

(2) *Effect on shareholder.* Pursuant to section 1371(e)(1), A reduces its basis in its X stock by \$6,000 to \$5,000.

(C) *ETSC period.* Beginning on November 3, 2020, X's ETSC period resumes, and distributions of money are subject to section 1371(f) and § 1.1371–1 until X's AAA balance is zero. For purposes of calculating each of X's AAA and AE&P ratios, X's historical AAA is \$59,000 (at the beginning of January 1, 2019, which includes the \$10,000 increase as a result of the July 6, 2020, closing agreement).

(d) *Applicability date.* This section applies to taxable years beginning after October 20, 2020. However, a corporation may choose to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety to taxable years that began on or before October 20, 2020. If a corporation makes the choice described in the previous sentence, all shareholders of the corporation must report consistently, and the corporation must continue to apply the rules in §§ 1.481–5, 1.1371–1, and 1.1371–2 in their entirety for the corporation's subsequent taxable years.

§ 1.1377–2 [Amended]

■ **Par. 7.** Section 1.1377–2 is amended by removing the last sentence of paragraph (b).

■ **Par. 8.** Section 1.1377–3 is revised to read as follows:

§ 1.1377–3 Applicability dates.

(a) *In general.* Except as otherwise provided in this section, §§ 1.1377–1 and 1.1377–2 apply to taxable years of an S corporation beginning after December 31, 1996.

(b) *Certain conversions.* Section 1.1377–1(a)(2)(iii) and (c)(3) (*Example 3*) are applicable for taxable years beginning on and after May 14, 2002.

(c) *Special treatment of distributions of money during post-termination transition period—(1) In general.* Except as provided in paragraph (c)(2) of this section, § 1.1377–2(b) applies to taxable years beginning after October 20, 2020. For taxable years beginning on or before October 20, 2020, see § 1.1377–2(b) as contained in 26 CFR part 1, revised April 1, 2020.

(2) *Taxable years beginning on or before October 20, 2020.* A corporation may choose to apply § 1.1377–2(b) to

taxable years beginning on or before October 20, 2020 and with respect to which the period described in section 6501(a) has not expired. If a corporation makes the choice described in the previous sentence, all shareholders of the corporation must report consistently, and the corporation must adopt §§ 1.481–5, 1.1371–1, 1.1371–2, if an ETSC, and 1.1377–2(b) in their entirety and continue to apply those rules in their entirety for the corporation's subsequent taxable years.

Sunita Lough,

Deputy Commissioner for Services and Enforcement.

Approved: September 9, 2020.

David J. Kautter,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2020–21144 Filed 10–19–20; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R03–OAR–2019–0657; FRL–10014–53–Region 3]

Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania; Reasonably Available Control Technology Determinations for Case-by-Case Sources Under the 1997 and 2008 8-Hour Ozone National Ambient Air Quality Standards

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is approving a state implementation plan (SIP) revision submitted by the Commonwealth of Pennsylvania. This revision was submitted by the Pennsylvania Department of Environmental Protection (PADEP) to establish and require reasonably available control technology (RACT) for individual major sources of volatile organic compounds (VOC) and nitrogen oxides (NO_x) pursuant to the Commonwealth of Pennsylvania's conditionally approved RACT regulations. In this action, EPA is only approving source-specific (also referred to as “case-by-case”) RACT determinations for nine major sources. These RACT evaluations were submitted to meet RACT requirements for the 1997 and 2008 8-hour ozone national ambient air quality standards (NAAQS). EPA is approving these revisions to the Pennsylvania SIP in accordance with the requirements of the

Clean Air Act (CAA) and EPA's implementing regulations.

DATES: This final rule is effective on November 19, 2020.

ADDRESSES: EPA has established a docket for this action under Docket ID Number EPA–R03–OAR–2019–0657. All documents in the docket are listed on the <https://www.regulations.gov> website. Although listed in the index, some information is not publicly available, e.g., confidential business information (CBI) 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 through <https://www.regulations.gov>, or please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section for additional availability information.

FOR FURTHER INFORMATION CONTACT: Ms. Emily Bertram, Permits Branch (3AD10), Air & Radiation Division, U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103. The telephone number is (215) 814–5273. Ms. Bertram can also be reached via electronic mail at bertram.emily@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

On May 5, 2020, EPA published a notice of proposed rulemaking (NPRM). 85 FR 26643. In the NPRM, EPA proposed approval of case-by-case RACT determinations for nine of the 10 sources included in the subject SIP submission for the 1997 and 2008 8-hour ozone NAAQS.¹ The case-by-case RACT determinations for these sources were included in a SIP revision submitted by PADEP on April 11, 2019.

Under certain circumstances, states are required to submit SIP revisions to address RACT requirements for major sources of NO_x and VOC or any source category for which EPA has promulgated control technique guidelines (CTG) for each ozone NAAQS. Which NO_x and VOC sources in Pennsylvania are considered “major,” and therefore to be addressed for RACT revisions, is dependent on the location of each source within the Commonwealth. Sources located in nonattainment areas would be subject to the “major source” definitions

¹ The portion of PADEP's SIP submission related to American Craft Brewery, LLC was withdrawn on October 21, 2019. EPA will be taking action on this source in a future rulemaking action, once resubmitted by PADEP for approval into the PA SIP.

established under the CAA based on their classification. In Pennsylvania, sources located in areas outside of moderate or above nonattainment areas, as part of the Ozone Transport Region (OTR), are subject to source thresholds of 50 tons per year (tpy). CAA section 184(b).

On May 16, 2016, PADEP submitted a SIP revision addressing RACT under both the 1997 and 2008 8-hour ozone NAAQS in Pennsylvania. PADEP's May 16, 2016 SIP revision intended to address certain outstanding non-CTG VOC RACT, VOC CTG RACT, and major NO_x RACT requirements for both standards. The SIP revision requested approval of Pennsylvania's 25 Pa. Code 129.96–100, Additional RACT Requirements for Major Sources of NO_x and VOCs (the “presumptive” RACT II rule). Prior to the adoption of the RACT II rule, Pennsylvania relied on the NO_x and VOC control measures in 25 Pa. Code 129.92–95, Stationary Sources of NO_x and VOCs, (the RACT I rule) to meet RACT for non-CTG major VOC sources and major NO_x sources. The requirements of the RACT I rule remain approved into Pennsylvania's SIP and continue to be implemented.² On September 26, 2017, PADEP submitted a supplemental SIP revision, dated

September 22, 2017, which committed to address various deficiencies identified by EPA in their May 16, 2016 “presumptive” RACT II rule SIP revision.

On May 9, 2019, EPA conditionally approved the RACT II rule based on the commitments PADEP made in its September 22, 2017 supplemental SIP revision. 84 FR 20274. In EPA's final conditional approval, EPA noted that PADEP would be required to submit, for EPA's approval, SIP revisions to address any facility-wide or system-wide averaging plan approved under 25 Pa. Code 129.98 and any case-by-case RACT determinations under 25 Pa. Code 129.99. PADEP committed to submitting these additional SIP revisions within 12 months of EPA's final conditional approval, specifically May 9, 2020. The SIP revision addressed in this rule is part of PADEP's efforts to meet the conditions of its supplemental SIP revision and EPA's conditional approval of the RACT II Rule.

II. Summary of SIP Revision and EPA Analysis

A. Summary of SIP Revision

To satisfy a requirement from EPA's May 9, 2019 conditional approval, PADEP submitted to EPA SIP revisions

addressing case-by-case RACT requirements for major sources in Pennsylvania subject to 25 Pa. Code 129.99. In the Pennsylvania RACT SIP revisions, PADEP included a case-by-case RACT determination for the existing emissions units at each of the major sources of NO_x and/or VOC that required a source-specific RACT determination. In PADEP's RACT determinations, an evaluation was completed to determine if previously SIP-approved, case-by-case RACT emission limits or operational controls (herein referred to as RACT I and contained in RACT I permits) were more stringent than the new RACT II presumptive or case-by-case requirements. If more stringent, the RACT I requirements will continue to apply to the applicable source. If the new case-by-case RACT II requirements are more stringent than the RACT I requirements, then the RACT II requirements will supersede the prior RACT I requirements.³

Here, EPA is taking action on SIP revisions pertaining to case-by-case RACT requirements for nine major sources of NO_x and/or VOC in Pennsylvania, as summarized in Table 1.

TABLE 1—NINE MAJOR NO_x AND/OR VOC SOURCES IN PENNSYLVANIA SUBJECT TO CASE-BY-CASE RACT II DETERMINATIONS UNDER THE 1997 AND 2008 8-HOUR OZONE NAAQS

Major source (county)	1-Hour ozone RACT source? (RACT I)	Major source pollutant (NO _x and/or VOC)	RACT II permit (effective date)
Carpenter Co. (Lehigh)	No	VOC	39–00040 (9/5/2018)
East Penn Manufacturing Co. Inc, Smelter Plant (Berks)	No	NO _x and VOC	06–05040D (1/3/2019)
Ellwood Quality Steels Co. (Lawrence)	Yes	NO _x and VOC	37–00264 (10/13/2017)
GE Transportation—Erie Plant (Erie)	Yes	NO _x and VOC	25–00025 (2/21/2018)
Graymont Pleasant Gap (Centre)	Yes	NO _x	14–00002 (2/5/2018)
Hazleton Generation (Luzerne)	Yes	NO _x	40–00021 (6/19/2018)
Helix Ironwood (Lebanon)	No	NO _x	38–05019 (9/24/2018)
Magnesita Refractories (York)	Yes	NO _x	67–05001 (11/27/2018)
Penn State University (Centre)	Yes	NO _x	14–00003 (12/13/2017)

The case-by-case RACT determinations submitted by PADEP consist of an evaluation of all reasonably available controls at the time of evaluation for each affected emissions unit, resulting in a PADEP determination of what specific emission limit or control measures, if any, satisfy RACT for that particular unit. The adoption of new, additional, or revised

emission limits or control measures to existing SIP-approved RACT I requirements were specified as requirements in new or revised Federally enforceable permits (hereafter RACT II permits) issued by PADEP to the source. The RACT II permits, which revise or adopt additional source-specific limits and/or controls, have been submitted as part of the

Pennsylvania RACT SIP revisions for EPA's approval in the Pennsylvania SIP under 40 CFR 52.2020(d)(1). The RACT II permits submitted by PADEP are listed in the last column of Table 1, along with the permit effective date, and are part of the docket for this rule, which is available online at <https://www.regulations.gov>, Docket No. EPA–R03–OAR–2019–0657.⁴ EPA is

² The RACT I Rule was approved by EPA into the Pennsylvania SIP on March 23, 1998. 63 FR 13789. Through the current rulemaking, certain source-specific RACT I requirements will be superseded by more stringent RACT II requirements. See Section II of this preamble.

³ While the prior SIP-approved RACT I permit will remain part of the SIP, this RACT II rule will incorporate by reference the RACT II requirements through the RACT II permit and clarify the ongoing applicability of specific conditions in the RACT I permit.

⁴ The RACT II permits are redacted versions of a facility's Federally enforceable permits and reflect the specific RACT requirements being approved into the Pennsylvania SIP.

incorporating by reference in the Pennsylvania SIP, via the RACT II permits, source-specific RACT emission limits and control measures under the 1997 and 2008 8-hour ozone NAAQS for certain major sources of NO_x and VOC emissions.

B. EPA's Proposed Action

PADEP's SIP revisions incorporate its determinations of source-specific RACT II controls for individual emission units at major sources of NO_x and/or VOC in Pennsylvania, where those units are not covered by or cannot meet Pennsylvania's presumptive RACT regulation. After thorough review and evaluation of the information provided by PADEP in its SIP revision submittals for nine major sources of NO_x and/or VOC in Pennsylvania, EPA proposed to find that PADEP's case-by-case RACT determinations and conclusions establish limits and/or controls on individual sources that are reasonable and appropriately considered technically and economically feasible controls.

PADEP, in its RACT II determinations, considered the prior source-specific RACT I requirements and, where more stringent, retained those RACT I requirements as part of its new RACT determinations. In the NPRM, EPA proposed to find that all the proposed revisions to previously SIP-approved RACT I requirements would result in equivalent or additional reductions of NO_x and/or VOC emissions. The proposed revisions should not interfere with any applicable requirements concerning attainment, reasonable further progress with the NAAQS, or section 110(l) of the CAA.

Other specific requirements of Pennsylvania's 1997 and 2008 8-hour ozone NAAQS case-by-case RACT determinations and the rationale for EPA's proposed action were explained in the NPRM, and its associated technical support document (TSD), and will not be restated here.

III. Public Comments and EPA Responses

EPA received comments from five commenters on the May 5, 2020 NPRM. 85 FR 26643. A summary of the comments and EPA's response are discussed in this section of the preamble. A copy of the comments can be found in the docket for this rule action.

Comment 1: One commenter stated that the "PADEP economic benchmark for RACT determination is low and not appropriate for all case-by-case situations." The commenter then goes on to assert that "PADEP should not use

any absolute amount in any case-by-case RACT economic determinations." The commenter claims that this "presumptive benchmark allows Pennsylvania major sources to emit significant amounts of NO_x which makes it difficult for New Jersey (NJ) and other neighboring states to attain the ozone NAAQS." Finally, the commenter mentions New Jersey's 2004 RACT rule and cost estimates they found acceptable.

Response 1: EPA is aware that Pennsylvania considered cost-effectiveness levels (\$/ton removed) that are lower than other states, such as New Jersey and New York as the commenter notes, when developing the RACT II rule. However, EPA has not set a single cost, emission reduction, or cost-effectiveness figure to fully define cost-effectiveness in meeting the NO_x or VOC RACT requirement. Therefore, states have the discretion to determine what costs are considered reasonable when establishing RACT for their sources. Each state must make and defend its own determination on how to weigh these values in establishing RACT.

As PADEP explained in its RACT II rulemaking, it did not establish a bright-line cost effectiveness threshold in determining what is economically reasonable for purposes of defining RACT.⁵ Instead, it developed as guidance a cost-effectiveness threshold of \$2,800 per ton of NO_x controlled and \$5,500 per ton of VOC controlled for RACT. Pennsylvania also determined that even evaluating control technology options with an additional 25% margin, an upper bound cost-effectiveness threshold of \$3,500 per ton NO_x controlled and \$7,000 per ton VOC controlled, would not affect the add-on control technology decisions required by RACT. Id. Pennsylvania determined that these higher cost-effectiveness thresholds did not impact the determination of what add on control technology was feasible. Pennsylvania also reviewed examples of benchmarks used by other states: Wisconsin, \$2,500 per ton NO_x; Illinois, \$2,500–\$3,000 per ton NO_x; Maryland, \$3,500–\$5,000 per ton NO_x; Ohio, \$5,000 per ton NO_x; and New York, \$5,000–\$5,500 per ton NO_x.⁶

In a separate prior final agency action, EPA found that PADEP's cost effectiveness thresholds are reasonable and reflect control levels achieved by the application and consideration of

available control technologies, after considering both the economic and technological circumstances of Pennsylvania's own sources. See 84 FR 20274, 20286 (May 9, 2019).

Comment 2: The commenter states that EPA and PADEP should have considered a shared Selective Catalytic Reduction (SCR) system for multiple test cells under Source ID 372 at GE Erie as RACT. The commenter claims that the facility could have capitalized on a shared SCR system where emissions could be reduced at multiple test cells by one or two SCR systems, making it a cost-effective approach with large emission reductions.

Response 2: The GE Erie facility includes an engine lab test facility. The commenter raises concerns about emission controls at test cells in Source ID 372. Six of the test cells found in Source ID 372 (test cells B, C, D, E, F and G located in GE Erie's Building 18E) were evaluated for NO_x and VOC RACT. An SCR system was evaluated as to whether it would be NO_x RACT by PADEP per the case-by-case requirements of 25 Pa. Code 129.99. PADEP found that the SCR system was technically feasible; however, it was determined to be cost prohibitive when applied to an individual test cell. In follow up correspondence with GE Erie, PADEP specifically asked the company for justification as to why the Source 372 test cells could not be combined into a single stack with a single control technology, such as a shared SCR system, versus installing control technology for each individual test cell. In its response, GE identified that the multiple test cells found in Source ID 372 presently each have their own stack and explained the several design and operational considerations necessitating that each emission point have an individual stack.⁷

This analysis identified that there is a wide range of potential operating conditions across test cells that result in a broad range of differences in air flow, velocity, and temperature associated with those operating conditions. The differences in air flow, velocity, and temperature associated with these different operating modes varies by orders of magnitude. A dedicated air pollution control system for each stack provides the facility the opportunity to optimize each test cell to run in the mode required by that stack configuration at that particular time. It concluded that it is technically

⁵ 46 Pa. Bulletin 2036 (April 23, 2016).

⁶ PADEP Responses to Frequently Asked Questions, Final Rulemaking RACT Requirements for Major Sources of NO_x and VOCs. October 20, 2016.

⁷ See email dated December 13, 2018 from Hubert Flaherty, PADEP, to Lynn Khalife, PADEP, which includes an email dated June 15, 2017 from GE Transportation to PADEP, which is part of the record in this docket.

infeasible to design and operate a single air pollution control system that can accommodate the necessary range of operation that would be required in a multiple line context.⁸

Additionally, the analysis considered that the engine test cell exhaust handling systems must operate with minimal backpressure that mimics that of a locomotive in order to conduct meaningful testing. It concluded that it is technically infeasible to design and operate a single air pollution control system that can minimize inherent backpressure and prevent cross feed backpressure from one operating engine into another. Another factor considered in the analysis was GE Erie's claims that multiple air pollution control systems provide operational redundancy that protects business continuity in the event of system interruption, which the company identified as occurring with meaningful frequency.⁹

EPA agrees with the assessment presented by PADEP that a shared air pollution control system, such as an SCR system, for the multiple test cells found in Source ID 372 is technically infeasible. Therefore, per 25 Pa. Code 129.99, this potential control strategy would not require a cost assessment and would be determined infeasible as NO_x RACT for Source ID 372.

Comment 3: The commenter notes that for Penn State's RACT analysis, PADEP has determined that the previous RACT I NO_x emission limit of 107.5 tpy for each boiler is to be superseded with a new RACT II natural gas usage restriction of 520 million cubic feet/year and a No. 2 fuel oil usage restriction of 743,000 gallons/year. The commenter asks what this means and asks that EPA clarify whether the 107.5 tpy NO_x emission limit is to be removed from Pennsylvania's SIP. If the RACT I annual limit is intended to be removed from the SIP, the commenter demands that EPA re-propose Penn State's RACT determination because the removal was not mentioned in this proposed notice.

Response 3: The commenter correctly notes that EPA indicated in its TSD that PADEP had determined that the NO_x RACT annual limit of 107.5 tpy per boiler for Source IDs 036 and 037, two East Campus Steam Plant, would be superseded with the new RACT II natural gas and No. 2 fuel oil usage restrictions. The RACT I 107.5 tpy NO_x limit will not be removed from the SIP. This RACT II rule will add the RACT II limits to the SIP and clarify that its more stringent requirements have superseded

the prior annual limit and, in effect, will govern.¹⁰

As a result of the RACT process, PADEP, based on a statistical evaluation of Penn State's historical test data for the two boilers, reduced the NO_x short-term emission limit for each boiler from 0.20 lbs/MMBtu to 0.18 lbs/MMBtu when fired on natural gas and 0.12 lbs/MMBtu when fired on No. 2 fuel oil. A recent Non-Attainment New Source Review (NNSR) restriction established the usage restriction of 520 million cubic feet of natural gas in any 12 consecutive month period per boiler for the two boilers. This fuel usage restriction, coupled with the NO_x RACT short-term emission limit of 0.20 lbs/MMBtu (which has now been lowered to 0.18 lbs/MMBtu), equates to expected emissions of 53.7 tpy. As part of the NO_x RACT determination for the two boilers, PADEP has proposed adding the new fuel restrictions along with the short-term emission limit to the SIP.

PADEP's Technical Review Memo (PADEP Memo), dated August 9, 2017, and EPA's TSD, both of which are part of the record in this docket, clearly discuss the outdated nature of the prior NO_x RACT I determination of 107.5 tpy for Source IDs 036 and 037 and that it would be less stringent than the new RACT II determination. As PADEP indicated in its review memo, "[t]he existing RACT annual limit of 107.5 TPY is out-of-date due to the NNSR restriction established in the operating permit for natural gas usage. This restriction, along with the 0.2 lbs/MMBtu limit, equates to 53.7 tpy. This is the potential to emit (PTE) used in the economic feasibility analyses noted above." PADEP Memo, page 5.

As the RACT I annual NO_x limit of 107.5 will not be removed from the SIP, there is no need for any additional notice.

Comment 4: The commenter states that EPA should determine that for Source IDs 036 and 037 at Penn State, RACT is the installation of SCR because the facility determined the cost effectiveness of SCR to be \$4,817 per ton of NO_x removed. The commenter states

¹⁰ EPA notes that PADEP, in its RACT SIP revisions for Helix Ironwood, GE Transportation—Erie, Carpenter, Pennsylvania State University, Ellwood Quality Steels, East Penn Manufacturing, Magnesita Refractories, Hazleton Generation, and Graymont PA, included some form of annual limits in the RACT II permits for those facilities. EPA wishes to clarify that it is not approving any such annual limits as RACT limits. Rather, because PADEP analyzed what should be RACT under operating conditions that included annual limits from the existing facility permit, and PADEP included those requirements in its SIP submittal to us, EPA is incorporating those annual limits into the SIP not as RACT control limits but for the purpose of SIP strengthening.

that this level of cost effectiveness was determined economically feasible for the purposes of RACT when EPA approved rules for both New York and New Jersey. The commenter demands that EPA retract Penn State's RACT determination and apply the cost effectiveness thresholds previously approved for New York and New Jersey.

Response 4: EPA is aware that Pennsylvania considered cost-effectiveness levels (\$/ton removed) that are lower than other states, such as New Jersey and New York as the commenter notes, when developing the RACT II rule. However, EPA has not set a single cost, emission reduction, or cost-effectiveness figure to fully define cost-effectiveness in meeting the NO_x or VOC RACT requirement. Therefore, states have the discretion to determine what costs are considered reasonable when establishing RACT for their sources. Each state must make and defend its own determination on how to weigh these values in establishing RACT.

As PADEP explained in its RACT II rulemaking, it did not establish a bright-line cost effectiveness threshold in determining what is economically reasonable for purposes of defining RACT.¹¹ Instead, it developed as guidance a cost-effectiveness threshold of \$2,800 per ton of NO_x controlled and \$5,500 per ton of VOC controlled for RACT. Pennsylvania also determined that even evaluating control technology options with an additional 25% margin, an upper bound cost-effectiveness threshold of \$3,500 per ton NO_x controlled and \$7,000 per ton VOC controlled, would not affect the add-on control technology decisions required by RACT. Id. Pennsylvania determined that these higher cost-effectiveness thresholds did not impact the determination of what add on control technology was feasible. Pennsylvania also reviewed examples of benchmarks used by other states: Wisconsin, \$2,500 per ton NO_x; Illinois, \$2,500–\$3,000 per ton NO_x; Maryland, \$3,500–\$5,000 per ton NO_x; Ohio, \$5,000 per ton NO_x; and New York, \$5,000–\$5,500 per ton NO_x.¹²

In a separate prior final agency action, EPA found that PADEP's cost effectiveness thresholds are reasonable and reflect control levels achieved by the application and consideration of available control technologies, after considering both the economic and

¹¹ 46 Pa. Bulletin 2036 (April 23, 2016).

¹² PADEP Responses to Frequently Asked Questions, Final Rulemaking RACT Requirements for Major Sources of NO_x and VOCs. October 20, 2016.

⁸ Id.

⁹ Id.

technological circumstances of Pennsylvania's own sources. See 84 FR 20274, 20286 (May 9, 2019).

Comment 5: The commenter urges EPA to reconsider the VOC limit of 0.30 lbs/ton of steel produced, which was established as RACT for the electric arc furnace (EAF) at Ellwood Quality Steels, to more closely align with actual stack test results. The commenter states that the VOC RACT limit for the EAF should be lower because, in PADEP's RACT analysis, results are summarized from the facility's last four stack tests, which averaged an emission rate of 0.14 lbs/ton of steel produced, with the most recent stack test from October 2016 showing an average of 0.082 lbs/ton of steel produced.

Response 5: PADEP conducted a RACT analysis per 25 Pa. Code 129.99 for VOC emissions at the EAF. The potential control technologies evaluated were all determined to be technically infeasible for the source. Additionally, PADEP reviewed EPA's RACT/BACT/LAER Clearinghouse (RBLCL) for examples of controls and emission limits at EAF facilities (20 in total). That review revealed that VOC limits (lbs/ton of steel produced) at EAFs ranged from 0.03 lbs/ton to 0.43 lbs/ton with an average limit of 0.20 lbs/ton, a range within which Ellwood Quality Steels' RACT VOC limit falls.¹³

Based on this analysis, PADEP determined VOC RACT for the EAF to be continued operation of the existing RACT I controls—direct evacuation control, process controls, and scrap management, along with the short-term VOC emission limit of 0.3 lbs/ton. EPA concluded that PADEP's VOC RACT determination for the EAF at Ellwood Quality Steels was reasonable for that specific source and meets statutory and regulatory requirements.

IV. Final Action

EPA is approving case-by-case RACT determinations for nine sources in Pennsylvania, as required to meet obligations pursuant to the 1997 and 2008 8-hour ozone NAAQS, as revisions to the Pennsylvania SIP.

V. Incorporation by Reference

In this document, 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 source-specific RACT determinations under the 1997 and 2008 8-hour ozone NAAQS for certain major

sources of VOC and NO_x in Pennsylvania. EPA has made, and will continue to make, these materials generally available through <https://www.regulations.gov> and at the EPA Region III 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 rule of EPA's approval, and will be incorporated by reference in the next update to the SIP compilation.¹⁴

VI. Statutory and Executive Order Reviews

A. General Requirements

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the CAA 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 CAA. Accordingly, 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).

In addition, this rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the State, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

B. Submission to Congress and the Comptroller General

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. Section 804, however, exempts from section 801 the following types of rules: Rules of particular applicability; rules relating to agency management or personnel; and rules of agency organization, procedure, or practice that do not substantially affect the rights or obligations of non-agency parties. 5 U.S.C. 804(3). Because this is a rule of particular applicability, EPA is not required to submit a rule report regarding this action under section 801.

C. Petitions for Judicial Review

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 December 21, 2020. 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 approving Pennsylvania's NO_x and VOC RACT requirements for nine case-by-

¹³ See PADEP's Technical Review Memo, dated April 28, 2017, which is part of the docket for this rulemaking action.

¹⁴ 62 FR 27968 (May 22, 1997).

case facilities for the 1997 and 2008 8-hour ozone NAAQS 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, Nitrogen dioxide, Ozone, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: September 22, 2020.

Cosmo Servidio,

Regional Administrator, Region III.

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 NN—Pennsylvania

■ 2. In § 52.2020, the table in paragraph (d)(1) is amended by:

■ a. Revising the entries “General Electric Transportation Systems—Erie”; “J. E. Baker Co. (Refractories)—York”; “Con-Lime, Inc.”; “Con-Lime, Inc.—Bellefonte”; “Williams Generation Company—Hazleton”; “General Electric Transportation Systems”; “The Pennsylvania State University—University Park”; “Ellwood Group Inc.”; “Graybec Lime, Inc.”; and “Bellefonte Lime Company”; and

■ b. Adding the entries at the end of the table: “Carpenter Co.”; “East Penn Manufacturing Co. Inc, Smelter Plant”; “Ellwood Quality Steels Co. (formerly referenced as Ellwood Group Inc)”; “GE Transportation—Erie Plant (formerly referenced as General Electric

Transportation Systems and General Electric Transportation Systems—Erie”); “Graymont Pleasant Gap”; “Hazleton Generation (formerly referenced as Williams Generation Company—Hazleton)”; “Helix Ironwood”; “Magnesita Refractories (formerly referenced as J. E. Baker Co. (Refractories)—York)”; “Penn State University (formerly referenced as The Pennsylvania State University—University Park)”.

The revisions and additions read as follows:

§ 52.2020 Identification of plan.

*	*	*	*	*
(d)	*	*	*	
(1)	*	*	*	

Name of source	Permit No.	County	State effective date	EPA approval date	Additional explanations/ §§ 52.2063 and 52.2064 citations ¹
General Electric Transportation Systems—Erie	OP-25-025	Erie	12/21/94	8/8/95, 60 FR 40292	See also 52.2064(c)(4).
J. E. Baker Co. (Refractories)—York	OP-67-2001	York	12/22/94	8/8/95, 60 FR 40292	See also 52.2064(c)(8).
Con-Lime, Inc.	OP-14-0001	Centre	6/30/95	6/3/97, 62 FR 30250	See also 52.2064(c)(5).
Con-Lime, Inc.—Bellefonte	OP-14-0001	Centre	1/7/98	3/9/98, 63 FR 11370	See also 52.2064(c)(5).
Williams Generation Company—Hazleton	OP-40-0031A	Luzerne	3/10/00	4/1/03, 68 FR 15661	See also 52.2064(c)(6).
General Electric Transportation Systems	OP-25-025A	Erie	8/26/02	4/7/03, 68 FR 16724	See also 52.2064(c)(4).
The Pennsylvania State University—University Park	OP-14-0006	Centre	12/30/98	3/30/05, 70 FR 16118	See also 52.2064(c)(9).
Ellwood Group Inc.	OP-37-313	Lawrence	1/31/01	3/30/05, 70 FR 16124	See also 52.2064(c)(3).
Graybec Lime, Inc.	OP-14-0004	Centre	4/16/99	4/28/06, 71 FR 25070	See also 52.2064(c)(5).
Bellefonte Lime Company	OP-14-0002	Centre	10/19/98	6/14/06, 71 FR 34259	See also 52.2064(c)(5).
Carpenter Co.	39-00040	Lehigh	9/5/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(1).
East Penn Manufacturing Co. Inc, Smelter Plant	06-05040D	Berks	1/3/19	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(2).
Ellwood Quality Steels Co. (formerly referenced as Ellwood Group Inc).	37-00264	Lawrence	10/13/17	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(3).
GE Transportation—Erie Plant (formerly referenced as General Electric Transportation Systems and General Electric Transportation Systems—Erie).	25-00025	Erie	2/21/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(4).
Graymont Pleasant Gap	14-00002	Centre	2/5/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(5).
Hazleton Generation (formerly referenced as Williams Generation Company—Hazleton).	40-00021	Luzerne	6/19/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(6).
Helix Ironwood	38-05019	Lebanon	9/24/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(7).
Magnesita Refractories (formerly referenced as J. E. Baker Co. (Refractories)—York).	67-05001	York	11/27/18	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(8).
Penn State University (formerly referenced as The Pennsylvania State University—University Park).	14-00003	Centre	12/13/17	10/20/2020, [INSERT Federal Register citation].	52.2064(c)(9).

¹ The cross-references that are not § 52.2064 are to material that pre-date the notebook format. For more information, see § 52.2063.

* * * * *

■ 3. Amend § 52.2064 by adding paragraph (c) to read as follows:

§ 52.2064 EPA-Approved Source Specific Reasonably Available Control Technology (RACT) for Volatile Organic Compounds (VOC) and Oxides of Nitrogen (NO_x).

* * * * *

(c) Approval of source-specific RACT requirements for 1997 and 2008 8-hour ozone national ambient air quality standards for the facilities listed below are incorporated as specified below. (Rulemaking Docket No. EPA-OAR-2019-0657).

(1) Carpenter Co.—Incorporating by reference Permit No. 39-00040, issued September 5, 2018, as redacted by Pennsylvania.

(2) East Penn Manufacturing Co. Inc., Smelter Plant—Incorporating by reference Permit No. 06-05040D, issued January 3, 2019, as redacted by Pennsylvania.

(3) Ellwood Quality Steels Co.—Incorporating by reference Permit No. 37-00264, issued October 13, 2017, as redacted by Pennsylvania. All permit conditions in the prior RACT Permit No. OP-37-313, issued January 31, 2001, remain as RACT requirements. See also § 52.2063(d)(1)(d) for prior RACT approval.

(4) GE Transportation—Erie Plant—Incorporating by reference Permit No. 25-00025, issued February 21, 2018, as redacted by Pennsylvania, which supersedes the prior RACT Permit No. OP-25-025A, issued August 26, 2002. See also §§ 52.2063(c)(98)(i)(B)(5) and 52.2063(c)(198)(i)(B) for prior RACT approvals.

(5) Graymont Pleasant Gap—Incorporating by reference Permit No. 14-00002, issued February 5, 2018, as redacted by Pennsylvania, which supersedes Graybec Lime, Inc. OP-14-0004 (issued April 16, 1999), Bellefonte Lime Company. OP-14-0002 (issued October 19, 1998), and Con-Lime, Inc. OP-14-0001 (issued June 30, 1995 and amended January 7, 1998). Graymont Pleasant Gap is the consolidation of three facilities, formerly referenced as Graybec Lime, Inc., Bellefonte Lime Company, and Con-Lime, Inc. (Con-Lime, Inc.—Bellefonte) See §§ 52.2063(d)(1)(n), 52.2063(d)(1)(q), 52.2063(c)(122)(i)(B)(5), and 52.2063(c)(130)(i)(B)(3) for prior RACT approvals.

(6) Hazleton Generation—Incorporating by reference Permit No. 40-00021, issued June 19, 2018, as redacted by Pennsylvania, which supersedes the prior RACT Permit No.

40-0031A, issued March 10, 2000, except for Conditions 5–8, 12, and 14–17. See also § 52.2063(c)(196)(i)(B)(4) for prior RACT approval.

(7) Helix Ironwood—Incorporating by reference Permit No. 38-05019, issued September 24, 2018, as redacted by Pennsylvania.

(8) Magnesita Refractories—Incorporating by reference Permit No. 67-05001, issued November 27, 2018, as redacted by Pennsylvania, which supersedes the prior RACT I Permit No. 67-2001, issued December 22, 1994, except for Conditions 4, 6, 7, 8, 10, and 11. See also § 52.2063(c)(98)(i)(B)(6) for prior RACT approval.

(9) Penn State University—Incorporating by reference Permit No. 14-00003, issued December 13, 2017, as redacted by Pennsylvania which supersedes the prior RACT Permit No. OP-14-0006, issued December 30, 1998; however, RACT Permit No. OP-14-0006 remains in effect as to Source ID 035, WCSP Boiler 8, and as to Source IDs 036 and 037, ECSP Boilers No. 1 and 2, except for Condition 8, which is superseded. See also § 52.2063(d)(1)(c) for prior RACT approval.

[FR Doc. 2020-21442 Filed 10-19-20; 8:45 am]

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Proposed Rules

Federal Register

Vol. 85, No. 203

Tuesday, October 20, 2020

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 984

[Docket No. AO-SC-20-J-0011; AMS-SC-19-0082; SC19-984-1]

Walnuts Grown in California; Secretary's Decision and Referendum Order on Amendments to Marketing Order No. 984

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule and referendum order.

SUMMARY: This decision proposes amendments to Marketing Order No. 984 (Order), which regulates the handling of walnuts grown in California and provides growers with the opportunity to vote in a referendum to determine if they favor the changes. The California Walnut Board (Board), which locally administers the Order, recommended proposed amendments that would add authority for the Board to provide credit for certain market promotion expenses paid by handlers against their annual assessments due under the Order and establish requirements to effectuate the new authority. In addition, the Agricultural Marketing Service (AMS) proposed to make any such changes as may be necessary to conform to any amendment that may result from the public hearing.

DATES: The referendum will be conducted from November 30, 2020, through December 11, 2020. The representative period for the purpose of the referendum is September 1, 2018, through August 31, 2019.

ADDRESSES: Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, Stop 0237, Washington, DC 20250-0237.

FOR FURTHER INFORMATION CONTACT: Matthew Pavone, Chief, Rulemaking Services Branch, 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 Andrew Hatch, Deputy Director, 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: Matthew.Pavone@usda.gov or Andrew.Hatch@usda.gov.

Small businesses may request information on this proceeding 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@usda.gov.

SUPPLEMENTARY INFORMATION: Prior documents in this proceeding: Notice of Hearing issued on February 2, 2020, and published in the February 11, 2020, issue of the **Federal Register** (85 FR 7669); a Correction to the Notice of Hearing issued on April 9, 2020, and published in the April 10, 2020, issue of the **Federal Register** (85 FR 20202); and a Recommended Decision issued on July 8, 2020, and published in the August 5, 2020, issue of the **Federal Register** (85 FR 47305).

This action is governed by the provisions of sections 556 and 557 of title 5 of the United States Code and, therefore, is excluded from the requirements of Executive Orders 12866, 13563, and 13175. 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 the Office of Management and Budget's (OMB) 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).

Notice of this rulemaking action was provided to tribal governments through the Department of Agriculture's (USDA) Office of Tribal Relations.

Preliminary Statement

The proposed amendments are based on the record of a public hearing held via videoconference technology on

April 20 and 21, 2020. The hearing was held pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act," and the applicable rules of practice and procedure governing the formulation of marketing agreements and orders (7 CFR part 900). Notice of this hearing was published in the **Federal Register** on February 11, 2020 (85 FR 7669) followed by a Correction to the Notice of Hearing issued on April 9, 2020, and published in the April 10, 2020, issue of the **Federal Register** (85 FR 20202). The notice of hearing contained one proposal submitted by the Board and one submitted by USDA.

The amendments proposed by the Board in this decision would add authority for the Board to provide credit for certain market promotion expenses paid by handlers against their annual assessments due under the Order and would establish requirements to effectuate the new authority.

USDA proposed to make any such changes as may be necessary to 7 CFR part 984 (referred to as "the Order") to conform to any amendment that may be adopted, or to correct minor inconsistencies and typographical errors. As such, USDA is recommending two clarifying changes: One to the proposed language in § 984.46(a) and the other to the proposed regulatory text in § 984.546(e)(5)(iii).

The proposed language in § 984.46(a) would add credit-back authority to the Order. USDA has determined that the language presented in the Notice of Hearing lacked a reference to the proposed, new paragraph (b) and only included a reference to proposed, new paragraph (c). This correction was discussed at the hearing and a witness clarified that proposed, new paragraphs (b) and (c) were both necessary references in the proposed revision to § 984.46(a), and that the omission of the reference to paragraph (b) was an oversight. USDA has revised the proposed language so that both proposed new paragraphs are referenced in the proposed regulatory text of this decision.

USDA is also recommending a clarifying change to the proposed regulatory text in § 984.546(e)(5)(iii). The originally proposed wording of this paragraph by the Board does not adequately state that in all promotional

activities, regardless of whether a handler is operating independently or in conjunction with a manufacturer, or whether promoting a product that is solely walnut content or walnuts are a partial ingredient, the words “California Walnuts” must be included in the labeling in order for that activity to qualify as a creditable expenditure. USDA is recommending this change in conformance with witness testimony clarifying the intent of the proposed language. The revised language is included in the proposed regulatory text of this decision.

Upon the basis of evidence introduced at the hearing and the record thereof, the Administrator of AMS on July 8, 2020, filed with the Hearing Clerk, USDA, a Recommended Decision and Opportunity to File Written Exceptions thereto by September 4, 2020. No exceptions were filed.

Final Regulatory Flexibility Analysis

Pursuant to the requirements set forth in the Regulatory Flexibility Act (RFA), AMS has considered the economic impact of this action 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 so that small businesses will not be unduly or disproportionately burdened. Marketing orders and amendments thereto are unique in that they are normally brought about through group action of essentially small entities for their own benefit.

During the hearing held on April 20 and 21, 2020, interested parties were invited to present evidence on the probable regulatory impact on small businesses of the proposed amendment to the Order. The evidence presented at the hearing shows that the proposed amendment would not have a significant negative economic impact on a substantial number of small agricultural producers or handlers.

Eight grower and handler witnesses testified at the hearing. All eight witnesses were growers and five were also handlers. Four testified that they were small walnut growers according to the Small Business Administration (SBA) definition and four were large. Of the five who were handlers, one was small, and four were large.

All five who were both handlers and growers expressed support for the proposed amendment. Of the three remaining grower witnesses, two stated their support. One grower reported that he had concerns but did not specifically oppose the amendment. Therefore, in their role as growers, 7 out of 8

witnesses supported the amendment, and stated that they expected to see significant benefits from the additional promotion expenditure that would be authorized by the amendment and would not incur additional costs. The benefits and impacts of the proposed amendment are explained in the following three sections: (a) Walnut Industry Background and Overview, (b) Domestic Market Demand for Walnuts, and (c) Estimated Economic Impact of the Proposed Credit-Back Program.

Walnut Industry Background and Overview

According to the hearing record, there are approximately 4,400 producers and 92 handlers in the production area. Record evidence includes reference to a study showing that the walnut industry contributes 85,000 jobs to the economy, directly and indirectly.

A small handler as defined by the SBA (13 CFR 121.201) is one that grosses less than \$30,000,000 annually. A small grower is one that grosses less than \$1,000,000 annually.

Record evidence showed that approximately 82 percent of California's walnut handlers (75 out of 92) shipped merchantable walnuts valued under \$30 million during the 2018–2019 marketing year and would therefore be considered small handlers according to the SBA definition.

Data in the hearing record from the 2017 Agricultural Census, published by USDA's National Agricultural Statistics Service (NASS), showed that 86 percent of California farms growing walnuts had walnut sales of less than \$1 million.

In an alternative computation using NASS data from the hearing record, the 3-year average crop value (2016–2017 to 2018–2019) was \$1.24 billion. Average bearing acres over that same 3-year period were 333,000. Dividing crop value by acres yields a revenue per acre estimate of \$3,733. Using these numbers, it would take approximately 268 acres (\$1,000,000/\$3,733) to yield \$1 million in annual walnut sales. The 2017 Agricultural Census data show that 80 percent of walnut farms in 2017 were below 260 acres. Therefore, well over three-fourths of California walnut farms would be considered small businesses according to the SBA definition.

Walnuts bloom in March and April, and the harvest of the earliest varieties begins in the first part of September. As later varieties mature, the harvest continues into November. The crop comes in from the field at about 25 percent moisture and the hulling and drying process typically takes place within 24 hours. The nuts are hulled (removal of the green husks) and dried

to about seven percent moisture before delivery to a handler. Some growers have their own hulling and drying equipment and others pay for this service. Drying to seven percent moisture keeps the nuts stable in storage and minimizes deterioration.

Once received by the handler, shelling varieties are shelled and have a shelf-life of approximately 12 months. Unshelled varieties are cleaned, sized, and put into storage. Both shelled and unshelled nuts are shipped and distributed to customers throughout the marketing year. Approximately 75 percent of the California walnut crop is sold as kernels (shelled). Witnesses testified that advances in processing and packaging technologies continue to improve product quality, consistency, and shelf-life.

Weather is one of two main factors driving crop size variability, a significant feature of the walnut market. In some years, climatic conditions may contribute to fungus or other issues that damage the crop and cause nuts to fall prior to harvest. With walnuts grown over a large geographic area, some regions will have better weather than others in any particular year. Crops were larger in 2015 and 2018 and smaller in 2017 and 2019.

The other key variability factor is “alternate bearing” (a natural tendency of several types of tree nuts, in which a large crop is often followed by a small crop). As trees mature, alternate bearing can become more pronounced, and for many years this had a big impact on crop size variability. With recent new plantings, the average age of producing trees in California has dropped. There is less of an alternate bearing tendency with younger trees. Crop sizes have become less variable as younger trees reach bearing age, which typically occurs in the fifth year. Older trees are replaced with varieties with improved quality characteristics to meet changing consumer demand. Newer varieties are generally more productive, contributing to higher yields per acre and greater production.

The hearing record shows that crop size variability, particularly the reduced availability of walnuts in short crop years, continues to contribute to loss of demand, as some buyers of kernels as ingredients in baked goods and other products shift to other tree nuts. These lost market opportunities are additional factors in the industry's interest in product diversification through a credit-back program.

Additional factors that affect current market conditions are the longer-term supply impacts of growers responding to market signals. If producers decide to

plant more trees because of strong market prices, such as in the 2011–2014 time period, they receive those trees one or two years later, based on contracts that vary with the type of nursery stock. This time lag, and penalties associated with dropping a planting contract, contribute to continued planting even after market prices drop and growers might otherwise not want to plant. For these reasons, there is a delayed response in planting new trees, and a delayed response in reducing the level of planting when prices and revenue per acre decline, such as in 2015–2018. One witness estimated that the rate of tree planting in recent years is about three times greater than tree removal. Another key factor is that the time from tree planting to bearing nuts is typically five years.

Record evidence shows that walnut production exceeded 600,000 inshell tons every season starting in 2015–2016. Witnesses testified that a key factor in their support of new demand expansion initiatives is their expectation that walnut production is likely to be at or above 700,000 tons within one or two

seasons and may exceed 800,000 tons a few years later.

The hearing record shows that farm management decisions made years ago have a significant impact on walnut supply for the coming years, contributing to grower and handler support for major initiatives meant to increase demand, including credit-back.

About two-thirds of the walnut crop is typically exported, and for many years, increasing international demand facilitated expansion of the walnut market. China emerged as a major walnut buyer, but also began large scale planting of walnuts. Prices continued to improve for years, reaching \$1.86 per pound (\$3,710 per ton) in 2013–2014. As China's new plantings started coming into production, world walnut prices began to decline. By 2017–2018, walnut prices rebounded as Turkey and other Middle Eastern countries took up some of the slack in world market demand, according to the hearing record.

Hearing evidence provided various reasons for the decline in walnut crop value since the peak level of \$1.9 billion in 2014–2015. One was reduced export market opportunities. With increased

trade barriers from China and India, significant volumes were shifted into other export markets, driving prices downward. Walnut production was also growing in Chile and Europe. The 2018–2019 price fell to \$0.65 per pound (\$1,300 per ton). With the reduced reliability of the international market, the industry is increasingly looking for ways to increase demand in the U.S. domestic market.

The hearing record shows that most of the grower and handler witnesses stated that a key reason for seeking credit-back authority was the need to increase demand after years of unfavorable marketing conditions. Witnesses stated that a key factor in their support of seeking new ways to increase market demand was several years of deteriorating profitability.

Hearing evidence included data that facilitated comparing farm revenue per acre to cost of production, a key measure of walnut farm profitability. Tables 2 and 3 illustrate the decline in profitability by comparing two four-year periods with very different financial outcomes, 2011 to 2014 and 2015 to 2018.

TABLE 2—CALIFORNIA WALNUTS: COST OF PRODUCTION DATA FROM UNIVERSITY OF CALIFORNIA EXTENSION

Year	Average yield: Tons per acre ¹	Average yield: Pounds per acre	Sample yield (from Table 5 of UC study) that is closest to NASS yield in column (b) ²	Sample costs per acre associated with yield shown in column (c) ²
	(a)	(b)	(c)	(d)
2011	1.74	3,480	.....	.....
2012	1.84	3,680	3,400	\$3,318
2013	1.76	3,520	4,000	4,015
2014	1.97	3,940	.....	.....
2011–2014 avg	1.83	.....	.....	3,667
2015	2.02	4,040	4,500	4,509
2016	2.19	4,380	.....	.....
2017	1.88	3,760	4,500	5,574
2018	1.93	3,860	4,500	5,283
2015–2018 avg	2.01	.....	.....	5,122

¹ Source: NASS, USDA.

² Source: "Table 5. Ranging Analysis—Walnuts—Costs per Acre and Per Pound at Varying Yields to Produce Walnuts." Table 5 appears in each of the following five UC Cooperative Extension studies: "Walnuts Cost and Returns Study, Sacramento Valley," UC Coop. Extension—2012, 2015, 2018. "Walnuts Cost and Returns Study, San Joaquin Valley North", UC Coop. Extension—2013, 2017. Sample yields appear in column 2 of Table 5 in each publication.

Table 2 displays cost of production numbers that represent both time periods. University of California Extension conducted two cost of production studies in the 2011–2014 time period, and three studies between 2015 and 2019. Each of the five studies had ranges of production cost figures associated with different yields. To be

representative of a typical or average walnut producer, the costs selected to present in column (d) were associated with University of California study yields (column c) closest to the NASS average annual yields for that year (column b).

The average production cost per acre figures for 2011–2014 and 2015–2018

were \$3,667 and \$5,122, respectively. Those figures were transferred to column (d) of Table 3, and the associated average yields (1.83 and 2.10 tons per acre) appear in column (b) of Table 3.

TABLE 3—CALIFORNIA WALNUTS: PRODUCER GROSS RETURN, COST OF PRODUCTION, NET RETURN

Range of years	Season average producer price, \$/ton ¹	Average yield: Tons per acre ²	Producer gross return per acre	Total cost of production per acre ³	Producer net return per acre (gross return minus cost)
	(a)	(b)	(c) (a) * (b)	(d)	(e) (c) – (d)
2011–2014	\$3,245	1.83	\$5,930	\$3,667	\$2,264
2015–2018	1,828	2.01	3,664	5,122	– 1,458

¹ Source: NASS, USDA.
² Four-year averages computed in Table 1, based on annual NASS yield data.
³ Computed in Table 1, based on U. of California Extension cost of production studies. For 2011–2014, the cost of production per acre is a two-year average (2012, 2013). For 2015–2018, the cost per acre is a 3-year average (2015, 2017, 2018).

Table 3 uses the data from Table 2 to show how the walnut farm profitability declined between the two time periods. Producer gross returns per acre for each of the two four-year time periods (column (c)) were computed by multiplying average yield by average price. Subtracting cost of production in column (d) yields the producer net return in column (e).

The two producer net return numbers in column (e) of Table 3 are the key results of this cost and return analysis. Four years of walnut farm profitability, represented by producer net return per acre of \$2,264 for 2011–2014, were followed by four years of difficult market conditions (2015–2018), with a negative average net return figure (– \$1,458). This analysis provides a numerical estimate that bears out the witness testimony that emphasized that a dramatic downward shift in their economic fortunes in recent years was a major factor in their support for a credit-back program that would leverage additional financial resources for handler-based promotional expenditures oriented toward increasing domestic demand for walnut products.

Domestic Market Demand for Walnuts

With reduced export market opportunities, the California industry focused in recent years on ways to expand the domestic market. Record evidence showed that domestic per capita consumption has been approximately one-half pound for many years.

The Board commissioned a consumer survey (with 1,000 respondents) showing that walnut products were reaching 40 percent of U.S. households,

indicating significant expansion potential. The study pointed out significant differences among age groups, with 22 percent of those aged 18 to 24 being walnut consumers. Certain age groups are therefore the targets for demand expansion.

The majority of walnuts going into the domestic market are kernels (shelled). One key segment is retail sales, with the main product being bags of raw kernels. Another major segment is industrial—use as an ingredient by food manufacturers in making pastries and other products. Record evidence shows that walnut industry participants consider these two segments to be a narrow group of uses which needs to be expanded.

Witnesses reported that among the Board’s strategic objectives, the top priority is retail sector growth, and the snack category in particular. However, current Board marketing programs are generic in nature and focus largely on the traditional form of walnuts: Raw. Raw walnuts as a snack product are important components but expanding retail market development beyond the raw product is considered critical by industry participants, according to the hearing record. New consumption growth will mainly be achieved through new products and forms that appeal to a larger consumer audience, witnesses stated.

According to the hearing record, opportunities for significant walnut demand expansion include snack products such as roasted, salted, glazed, and trail mixes, and other new products such as beverages, spreads and meat alternatives. Witnesses stated that these demand expansion opportunities are

best achieved through brand advertising and other handler-based promotional approaches, rather than the generic promotion currently authorized through the Order. Witnesses reported that this is a key reason why adding credit-back authority would be helpful for demand expansion—by providing incentives for handler-based product development and promotion.

A small handler stated that if credit-back authority is added to the marketing order, his firm would likely partner with another company to create a snack product, providing evidence that credit-back authority would help small handlers as well as large ones.

Estimated Economic Impact of the Proposed Credit-Back Program

The hearing record included evidence of the estimated impact of the credit-back program on walnut grower total revenue and net return. Table 4 illustrates the impact of handlers taking advantage of the credit-back incentive by increasing their promotional spending. Based on the assumptions shown in the table, walnut growers would see increased total revenue of \$21.1 million (row K) and increased net return of \$16.8 million (row L). The table shows that there are four computational steps that lead up to the final computations in rows K and L.

The first step is to estimate a typical annual budget of the Board (\$25 million in row C) by multiplying the current assessment rate paid to the Board (\$0.04) by a number representing an annual walnut production level representative of recent years (625 million hundredweight [cwt]).

TABLE 4—CALCULATING THE IMPACT OF THE WALNUT CREDIT-BACK PROGRAM ON PRODUCER TOTAL REVENUE AND NET RETURN

	Calculation	Value
A. Total production (cwt)		625,000,000
B. Assessment rate (\$/cwt)		\$0.04
C. Total Board budget	C = A * B	\$25,000,000

TABLE 4—CALCULATING THE IMPACT OF THE WALNUT CREDIT-BACK PROGRAM ON PRODUCER TOTAL REVENUE AND NET RETURN—Continued

	Calculation	Value
D. Share of budget allocated to Credit-Back program (%)		10%
E. Credit-Back program budget	$E = C * D$	\$2,500,000
F. Credit-Back rate(%)		70%
G. Total advertising and promotion expenditures with Credit-Back program	$G = E/F$	\$3,571,429
H. Increase in advertising and promotion expenditure	$H = G - E$	\$1,071,429
I. Increase in TOTAL revenue per dollar of advertising/promotion ¹		\$19.75
J. Increase in NET return per dollar of advertising/promotion ¹		\$15.67
K. Increase in TOTAL revenue	$K = H * I$	\$21,160,714
L. Increase in NET return	$L = H * J$	\$16,789,286

¹ Estimates of total revenue and net return per dollar spent on promotion are from a report prepared for the Board by Dr. Harry M. Kaiser of Cornell University entitled "Economic Evaluation of the California Walnut Board's Advertising and Promotion Programs: An Analysis of the Direct and Indirect Impacts", July 5, 2018.

If the Board allocated 10 percent of a \$25 million annual budget to the credit-back program, the funds available to allocate to pay handlers for eligible promotional spending would be \$2.5 million (row E). According to the hearing record, this is a level of credit-back funding supported by growers and handlers.

Handlers would receive 70 percent of the amount they expended on creditable expenditures. If the Board expended its full annual credit-back budget of \$2.5 million, the total promotional expenditure would rise to \$3.57 million (\$2.5/0.70) as shown in row G. The credit-back expenditure would create the incentive for handlers to spend the \$2.5 million plus an additional \$1.07 million (row H).

The final step is the overall economic impact on the walnut market of the increased spending on advertising and promotion. A 2018 economic analysis of walnut promotion impacts by Dr. Harry Kaiser (cited in the footnote of Table 4) showed that each dollar of walnut advertising and promotional expenditure yielded \$19.75 in total revenue and \$15.67 in net return to walnut growers (rows I and J). Multiplying \$1.07 million by those two promotional impact-per-dollar figures yields the estimated increase in total revenue per year and net return per year of \$21.16 million and \$16.79 million, respectively, shown in rows K and L. Net return is what is returned to walnut growers after accounting for the cost of the promotion program.

Record evidence indicates that all industry members, growers and handlers, would benefit proportionally from an increase in demand brought about due to the credit-back program. The credit-back program would be funded by allocating to the credit-back program a portion of the total Board promotional budget, funded at the current assessment rate. With no increase in the Board's assessment rate,

there would be no increased costs to growers or handlers.

All handlers, large and small, would benefit proportionally by participating in the credit-back program. Handlers will participate only if they decide that they will benefit, and would incur no costs if they choose not to participate. No handler can benefit disproportionately from the program, since a handler's maximum credit-back payment from the Board is based on that handler's share of total industry acquisitions from the prior year, according to the hearing record. As cited above, a small handler testified that their smaller size would not be a hindrance to using the credit-back program, because his walnut processing operation could develop a new product in partnership with another firm.

Consumers would benefit from product diversification of the walnut market. They could choose to buy any of the new products that become available, thereby adding new foods to their diet, at prices that fit within their food budget.

The record shows that the proposal to add authority to establish the credit-back program would, in itself, have no significant economic impact on producers or handlers of any size. If the proposed authority and the accompanying requirements were implemented, both benefits and costs could be anticipated. Costs of complying with the new program could include handler maintenance and delivery of receipts and documentation for reimbursement of creditable expenditures, but these would be minimal and are considered standard business practices. For the reasons described above, it is determined that the benefits of adding authority for a credit-back program would outweigh the potential costs of future implementation.

USDA has not identified any relevant Federal rules that duplicate, overlap or

conflict with this proposed rule. These amendments are intended to improve the operation and administration of the Order and to assist in the marketing of California walnuts.

Board meetings regarding these proposals, as well as the hearing date and location, were widely publicized throughout the California walnut industry, and all interested persons were invited to attend the meetings and the hearing to participate in Board deliberations on all issues. All Board meetings and the hearing were public forums, and all entities, both large and small, were able to express views on these issues. Interested persons are invited to submit information on the regulatory impacts of this action on small businesses.

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.

Paperwork Reduction Act

Current information collection requirements that are part of the Federal marketing order for California walnuts (7 CFR part 984) are approved under OMB No. 0581-0178 Vegetables and Specialty Crops. No changes in these requirements are anticipated as a result of this proceeding. Should any such changes become necessary, they would be submitted to OMB for approval.

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 Government Paperwork Elimination Act, which requires Government agencies in general to provide the public the option of submitting information or

transacting business electronically to the maximum extent possible.

Civil Justice Reform

The amendments to the Order proposed herein have been reviewed under Executive Order 12988, Civil Justice Reform. They are not intended to have retroactive effect. If adopted, the proposed amendments would not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this proposal.

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.

Findings and Conclusions

The findings and conclusions, rulings, and general findings and determinations included in the Recommended Decision set forth in the August 5, 2020, issue of the **Federal Register** (85 FR 47305) are hereby approved and adopted.

Marketing Order

Annexed hereto and made a part hereof is the document entitled "Order Amending the Order Regulating the Handling of Walnuts Grown in California." This document has been decided upon as the detailed and appropriate means of effectuating the foregoing findings and conclusions.

It is hereby ordered, That this entire decision be published in the **Federal Register**.

Referendum Order

It is hereby directed that a referendum be conducted in accordance with the procedure for the conduct of referenda (7 CFR 900.400 through 900.407) to determine whether the annexed order amending the order regulating the handling of walnuts grown in California is approved or favored by growers, as defined under the terms of the order, who during the representative period

were engaged in the production of walnuts in the production area.

The representative period for the conduct of such referendum is hereby determined to be September 1, 2018, through August 31, 2019.

The agents of the Secretary to conduct such referendum are hereby designated to be Terry Vawter and Jeffery Rymer, California Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; telephone: 559-487-5901; or fax: 559-487-5906 or Email: Terry.Vawter@usda.gov or Jefferym.Rymer@usda.gov, respectively.

Order Amending the Order Regulating the Handling of Walnuts Grown in California¹

Findings and Determinations

The findings and determinations hereinafter set forth are supplementary to the findings and determinations that were previously made in connection with the issuance of the marketing order; 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.

(a) Findings and Determinations Upon the Basis of the Hearing Record

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and the applicable rules of practice and procedure effective thereunder (7 CFR part 900), a public hearing was held upon proposed further amendment of Marketing Order No. 984, regulating the handling of walnuts grown in California.

Upon the basis of the record, it is found that:

(1) The marketing order, as amended, and as hereby proposed to be further amended, and all of the terms and conditions thereof, would tend to effectuate the declared policy of the Act;

(2) The marketing order, as amended, and as hereby proposed to be further amended, regulates the handling of walnuts grown in the production area in the same manner as, and is applicable only to, persons in the respective classes of commercial and industrial activity specified in the marketing order upon which a hearing has been held;

(3) The marketing order, as amended, and as hereby proposed to be further

¹ This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

amended, is limited in its application to the smallest regional production area that is practicable, consistent with carrying out the declared policy of the Act, and the issuance of several orders applicable to subdivisions of the production area would not effectively carry out the declared policy of the Act;

(4) The marketing order, as amended, and as hereby proposed to be further 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 walnuts grown in California; and

(5) All handling of walnuts grown in the production area as defined in the marketing order is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects such commerce.

Order Relative to Handling

It is therefore ordered, that on and after the effective date hereof, all handling of walnuts grown in California shall be in conformity to, and in compliance with, the terms and conditions of the said order as hereby proposed to be amended as follows:

The provisions of the proposed marketing order amending the order contained in the Recommended Decision issued on July 8, 2020, and published in the August 5, 2020, issue of the **Federal Register** (85 FR 47305) will be and are the terms and provisions of this order amending the order and are set forth in full herein.

List of Subjects in 7 CFR Part 984

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

Recommended Further Amendment of the Marketing Order

For the reasons set out in the preamble, 7 CFR part 982 is proposed to be amended as follows:

PART 984—WALNUTS GROWN IN CALIFORNIA

- 1. The authority citation for 7 CFR part 984 continues to read as follows:

Authority: 7 U.S.C. 601-674.

- 2. Revise § 984.46 to read as follows:

§ 984.46 Research and development.

(a) *Research and development authorities.* The Board, with the approval of the Secretary, may establish or provide for the establishment of production research, marketing research and development projects, and marketing promotion, including paid

advertising, designed to assist, improve, or promote the marketing, distribution, and consumption or efficient production of walnuts. The expenses of such projects shall be paid from funds collected pursuant to §§ 984.69 and 984.70 and may be credited back pursuant to paragraphs (b) and (c) of this section.

(b) *Credit-back for promotion expenses.* The Board may provide for crediting the pro rata expense assessment obligations of a handler with such portion of his or her direct expenditure for marketing promotion, including paid advertising, as may be authorized. The credit-back amount available to each handler shall be determined by that handler's percent of the industry's total volume of walnuts handled during the prior marketing year multiplied by the current marketing year's credit-back program budget. No handler shall receive credit-back for any creditable expenditures that would exceed the total amount of credit-back available to him or her for the applicable marketing year. Further, no handler shall receive credit-back in an amount that exceeds that handler's assessments paid in the applicable marketing year at the time the credit-back application is made. Marketing promotion expenses shall be credited at a rate recommended by the Board and approved by the Secretary, where the credit rate is based on the amount per dollar of marketing promotion expenses for creditable expenditures paid by a handler during the applicable marketing year. Credit may be paid directly to the handler as a reimbursement of assessments paid or may be issued as recommended by the Board and approved by the Secretary. The Board may also establish, subject to the approval of the Secretary, different credit rates for different products or different marketing promotion activities according to priorities determined by the Board and its marketing plan.

(c) *Creditable expenditures.* The Board, with the approval of the Secretary, may credit-back all or any portion of a handler's direct expenditures for marketing promotion including paid advertising that promotes the sale of walnuts, walnut products or their uses. Such expenditures may include, but are not limited to, money spent for advertising space or time in newspapers, magazines, radio, television, transit, and outdoor media, including the actual standard agency commission costs not to exceed 15 percent, or as otherwise recommended by the Board and approved by the Secretary.

■ 3. Add subpart D to read as follows:

Subpart D—Research and Development Requirements

Sec.

984.546 Credit for marketing promotion activities, including paid advertising.

984.547 [Reserved]

Subpart D—Research and Development Requirements

§ 984.546 Credit for marketing promotion activities, including paid advertising.

(a) *Timeliness of reimbursement claim and credit-back rate.* For a handler to receive credit-back for his or her own marketing promotional activities pursuant to § 984.46, the Board shall determine that such expenditures meet the applicable requirements of this section. Credit-back may be granted in the form of reimbursement for all creditable expenditures paid within the applicable marketing year subject to the effective credit-back rate; *Provided*, that such creditable expenditures are documented to the satisfaction of the Board within 15 days after the end of that marketing year. Credit may be granted for a handler's creditable expenditures in an amount not to exceed that handler's pro-rata share of the credit-back fund. No more than 70 cents (\$0.70) shall be credited back to a handler for every dollar spent on qualified activities.

(b) *Assessment payments.* The handler assessment is due as defined in § 984.69. A handler shall be current on all assessment payments prior to receiving credit-back for creditable expenditures.

(c) *Handler eligibility for reimbursement.* The Board shall grant credit-back for qualified activities only to the handler who performed such activities and who filed a claim for credit-back in accordance with this section.

(d) *Applicability to marketing year.* Credit-back shall be granted only for creditable expenditures for qualified activities that are conducted and completed during the marketing year for which credit-back is requested.

(e) *Qualified activities.* The following requirements shall apply to all creditable expenditures resulting from qualified activities:

(1) Credit-back granted by the Board shall be that which is appropriate when compared to accepted professional practices and rates for the type of activity conducted. In the case of claims for credit-back activities not covered by specific and established criteria, the Board shall grant the claim if it is consistent with practices and rates for similar activities.

(2) The clear and evident purpose of each qualified activity shall be to

promote the sale, consumption or use of California walnuts.

(3) No credit-back will be given for any activity that targets the farming or grower trade.

(4) Credit-back will not be allowed in any case for travel expenses, or for any promotional activities that result in price discounting.

(5) Credit-back shall be granted for those qualified activities specified in paragraphs (e)(5)(i) through (iv) of this section:

(i) Credit-back shall be granted for paid media directed to end-users, trade or industrial users, and for money spent on paid advertising space or time, including, but not limited to, newspapers, magazines, radio, television, online, transit and outdoor media, and including the standard agency commission costs not to exceed 15 percent of gross.

(ii) Credit-back shall be granted for market promotion other than paid advertising, for the following activities:

(A) Marketing research (except pre-testing and test-marketing of paid advertising);

(B) Trade and consumer product public relations: *Provided*, that no credit-back shall be given for related fees charged by an advertising or public relations agency;

(C) Sales promotion (in-store demonstrations, production of promotional materials, sales and marketing presentation kits, etc., excluding couponing); and

(D) Trade shows (booth rental, services, and promotional materials).

(iii) For any qualified activity involving a handler promoting branded products, a handler selling multiple complementary products, including other nuts, with such activity including the handler's name or brand, or joint participation by a handler and a manufacturer or seller of a complementary product(s), the amount allowed for credit-back shall reflect that portion of the activity represented by walnuts. If the product is owned or distributed by the handler, in order to receive any amount of credit-back, the product must list the ownership or distributorship on the package and display the handler's name and the handler's brand. The words "California Walnuts" must be included on the primary, face label. Such activities must also meet the requirements of paragraphs (e)(1), (2), (3), (4), and (5) of this section.

(iv) If the handler is engaged in marketing promotion activities pursuant to a contract with the Foreign Agricultural Service (FAS), USDA, and/or the California Department of Food

and Agriculture (CDFA), unless the Board is administering the foreign marketing program, such activities shall not be eligible for credit-back unless the handler certifies that he or she was not and will not be reimbursed by either FAS or CDFA for the amount claimed for credit-back, and has on record with the Board all claims for reimbursement made to FAS and/or the CDFA. Foreign market expenses paid by third parties as part of a handler's contract with FAS or CDFA shall not be eligible for credit-back.

(6) A handler must file claims with the Board to obtain credit-back for creditable expenditures, as follows:

(i) All claims submitted to the Board for any qualified activity must include:

(A) A description of the activity and when and where it was conducted;

(B) Copies of all invoices from suppliers or agencies;

(C) Copies of all canceled checks or other proof of payment issued by the handler in payment of these invoices; and

(D) An actual sample, picture or other physical evidence of the qualified activity.

(ii) Handlers may receive reimbursement of their paid assessments up to their pro-rata share of available dollars to be based on their percentage of the prior marketing year crop total. In all instances, handlers must remit the assessment to the Board when billed, and reimbursement will be issued to the extent of proven, qualified activities.

(iii) Checks from the Board in payment of approved credit-back claims will be mailed to handlers within 30 days of receipt of eligible claims.

(iv) Final claims for the marketing year pertaining to such qualified activities must be submitted with all required elements within 15 days after the close of the Board's marketing year.

(f) *Appeals.* If a determination is made by the Board staff that a particular marketing promotional activity is not eligible for credit-back because it does not meet the criteria specified in this section, the affected handler may request the Executive Committee review the Board staff's decision. If the affected handler disagrees with the decision of the Executive Committee, the handler may request that the Board review the Executive Committee's decision. If the handler disagrees with the decision of the Board, the handler, through the Board, may request that the Secretary review the Board's decision. Handlers have the right to request anonymity in the review of their appeal. The Secretary maintains the right to review any

decisions made by the aforementioned bodies at his or her discretion.

\$ 984.547 [Reserved]

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2020-22334 Filed 10-19-20; 8:45 am]

BILLING CODE P

NUCLEAR REGULATORY COMMISSION

10 CFR Part 50

[Docket No. PRM-50-110; NRC-2015-0028; NRC-2009-0196]

Risk-Informed Categorization and Treatment of Structures, Systems, and Components for Nuclear Power Reactors

AGENCY: Nuclear Regulatory Commission.

ACTION: Petition for rulemaking; consideration in the rulemaking process.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) will consider, within the scope of a Commission-directed rulemaking (Incorporation of Lessons Learned from New Reactor Licensing Process (Parts 50 and 52 Licensing Process Alignment)), the issue raised in a petition for rulemaking (PRM) submitted by Michael D. Tschiltz, on behalf of the Nuclear Energy Institute (NEI), dated January 15, 2015. The petitioner requested that the NRC amend its regulations to clarify and extend the applicability of its regulations related to risk-informed categorization and treatment of structures, systems, and components (SSCs) for nuclear power reactors. The petition was docketed by the NRC on February 6, 2015, and was assigned Docket No. PRM-50-110. The NRC has determined that the PRM has merit and is appropriate for consideration in the rulemaking process.

DATES: The docket for the petition for rulemaking, PRM-50-110, is closed on October 20, 2020.

ADDRESSES: Please refer to Docket IDs NRC-2015-0028 and NRC-2009-0196 when contacting the NRC about the availability of information for this petition. You may obtain publicly-available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to <https://www.regulations.gov> and search for Docket IDs NRC-2015-0028 and NRC-2009-0196. Address questions about NRC dockets to Dawn Forder;

telephone: 301-415-3407; email: Dawn.Forder@nrc.gov. For technical questions, contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- The NRC's Agencywide Documents Access and Management System (ADAMS): You may obtain publicly-available documents online in the ADAMS Public Document collection at <https://www.nrc.gov/reading-rm/adams.html>. 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 email to pdr.resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the "Availability of Documents" section.

- Attention: The PDR, where you may examine and order copies of public documents, is currently closed. You may submit your request to the PDR via email at PDR.Resource@nrc.gov or call 1-800-397-4209 between 8:00 a.m. and 4:00 p.m. (EST), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: James O'Driscoll, Office of Nuclear Material Safety and Safeguards; U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-1325; email: James.O'Driscoll@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. The Petition

The NRC received and docketed a PRM¹ dated January 15, 2015, submitted by Michael D. Tschiltz, on behalf of NEI. On March 27, 2015, the NRC published a notice of docketing in the **Federal Register** (80 FR 16308). The NRC held a public meeting on September 16, 2015, to gain further

¹ On February 25, 2014, Anthony Pietrangolo, on behalf of NEI (petitioner), submitted a letter (ADAMS Accession No. ML14056A278) requesting that the NRC issue a direct final rulemaking to amend § 50.69, "Risk-informed categorization and treatment of structures, systems and components for nuclear power reactors," making it applicable to holders of combined licenses (COLs). The NRC staff reviewed the petitioner's request and concluded that it did not meet the NRC's acceptance criteria in § 2.802(c) for a PRM because the request did not include a description of the petitioner's grounds for and interest in the requested action. On April 11, 2014, under § 2.802(c), the NRC offered the petitioner an opportunity to meet the NRC's petition acceptance criteria within 90 days. On January 15, 2015, Michael D. Tschiltz, on behalf of NEI, filed a PRM on the same topic, and included a description of the petitioner's grounds for and interest in the requested action. The NRC determined that the petition met the threshold sufficiency requirements for a petition for rulemaking under § 2.802, "Petition for rulemaking," and the petition was docketed as PRM-50-110.

understanding of the scope and bases for the PRM. The meeting summary² is publicly available.

The petitioner asked the NRC to amend its regulations to clarify and extend the applicability of section 50.69 of title 10 of the *Code of Federal Regulations* (10 CFR), “Risk-informed categorization and treatment of structures, systems and components (SSCs) for nuclear power reactors.” The regulations in § 50.69 allow nuclear power plant licensees and certain applicants to seek NRC approval to implement the § 50.69 requirements as an alternative to compliance with the requirements for Risk-Informed Safety Class (RISC)-3 and RISC-4 SSCs listed in § 50.69(b)(1)(i)–(xi). Currently, the applicability provisions in § 50.69 allow holders of a nuclear power plant license under 10 CFR parts 50, “Domestic Licensing of Production and Utilization Facilities,” and 54, “Requirements for Renewal of Operating Licenses for Nuclear Power Plants,” and certain applicants under 10 CFR parts 50 and 52, “Licenses, Certifications, and Approvals for Nuclear Power Plants,” to voluntarily request the NRC’s review and approval to implement the provisions in § 50.69. However, because the “applicability” provisions in § 50.69(b) do not include COL holders under 10 CFR part 52, they cannot request the NRC’s review and approval to implement the provisions in § 50.69. The petitioner proposed a change to § 50.69 to allow COL holders to use the voluntary provisions of this regulation.

The petitioner asserted that preventing COL holders from using the provisions in § 50.69 is inappropriate and provided the following arguments in support of its position:

- A COL applicant that requests and receives NRC approval to implement the provisions in § 50.69 could later become

a COL holder and, therefore, would no longer be allowed to use the previous approval.

- As written, the regulation denies applicability to plants possessing COLs for the life of the plant. A plant that currently holds a COL and that has been in operation for 15 years is in all practical matters no different than the current operating fleet, which, under the current rule language, can implement the provisions in § 50.69.

- Combined license holders must comply with the regulations in § 50.71(h)(1) and (2), which require COL holders to produce and maintain probabilistic risk assessments (PRAs) using NRC-endorsed PRA consensus standards. Therefore, under the NRC’s existing rules, COL holders will possess the necessary PRA infrastructure to implement the provisions in § 50.69 effectively. In particular, these plants will have developed Level 1 and Level 2 PRAs before fuel load. These PRAs will have covered those initiating events and modes for which NRC-endorsed consensus standards exist. Additionally, the NRC requires these plants to periodically (every 4 years) maintain and upgrade the PRA consistent with NRC-endorsed consensus standards until the permanent cessation of operations under § 52.110(a).

II. Reasons for Consideration

The NRC agrees that the PRM has technical merit. The NRC will consider the issue raised in the PRM in its rulemaking process. The COL holders under 10 CFR part 52 currently cannot use the provisions in § 50.69 to risk-inform the categorization of SSCs and change the treatment of those SSCs.

The NRC did not receive public comment about the absence of an applicability provision in § 50.69 for COL holders in the 2003 proposed rule

(68 FR 26511; May 16, 2003). The final provisions in § 50.69 issued on November 22, 2004 (69 FR 68008) retained this feature of the proposed rule. In 2007, the NRC issued a final rule to revise 10 CFR part 52 (72 FR 49352; August 28, 2007) and left the applicability provisions unchanged. Therefore, COL holders currently cannot request the NRC’s review and approval to implement the provisions in § 50.69.

Upon further consideration, the NRC agrees with the petitioner that a nuclear power plant that meets the requirements of § 50.69, whether licensed under part 50 or part 52, should have the opportunity to implement the provisions in § 50.69. The NRC agrees that all COL holders that have developed a PRA under § 50.71(h) should possess the necessary PRA infrastructure to support an application for a license amendment to use the provisions in § 50.69.

In 2015, the Commission directed the staff to revise the regulations in 10 CFR part 50 for new power reactor applications so that they align with the requirements in 10 CFR part 52. In addition, the staff was directed to revise the regulations in 10 CFR part 52 to reflect lessons learned from recent new reactor licensing activities.³ The NRC began this rulemaking in fiscal year 2019.

Therefore, the NRC will consider the issue raised in PRM–50–110 in the “Incorporation of Lessons Learned From New Reactor Licensing Process” (Parts 50 and 52 Licensing Process Alignment) rulemaking.

III. Availability of Documents

The documents identified in the following table are available to interested persons through one or more of the following methods, as indicated.

Document	ADAMS Accession No. Federal Register Citation
Petition for Rulemaking to Amend 10 CFR 50.69, “Risk-Informed Categorization and Treatment of Structures, Systems and Components for Nuclear Power Reactors,” dated January 15, 2015	ML15037A481
Notice of Docketing, “Applicability of Risk-Informed Categorization Regulation to Combined Licenses,” dated March 27, 2015	80 FR 16308
Meeting Summary, “Discussion on the Petition for Rulemaking Related to 10 CFR 50.69, Risk-Informed Categorization and Treatment of Structures, Systems and Components for Nuclear Power Reactors,” dated September 25, 2015	ML15268A353
Petition for Rulemaking, “Applicability of 10 CFR 50.69 to Holders of Combined Operating Licenses Under Part 52,” dated February 25, 2014	ML14056A278
Proposed Rule, “Risk-Informed Categorization and Treatment of Structures, Systems and Components for Nuclear Power Reactors; Proposed Rule,” dated May 16, 2003	68 FR 26511
Final Rule, “Risk-Informed Categorization and Treatment of Structures, Systems and Components for Nuclear Power Reactors; Final Rule,” dated November 22, 2004	69 FR 68008

² The meeting summary indicated that the NRC might issue a generic communication to clarify a misunderstanding of the reasons that COL holders were excluded from the § 50.69 provisions. The NRC will conduct rulemaking to determine if COL

holders can use § 50.69; NRC will not issue a separate generic communication on this issue.

³ See SECY–15–0002, “Proposed Updates of Licensing Policies, Rules, and Guidance for Future

New Reactor Applications,” dated January 8, 2015, and Staff Requirements Memorandum (SRM)-SECY–15–0002, “Proposed Updates of Licensing Policies, Rules, and Guidance for Future New Reactor Applications,” dated September 22, 2015.

Document	ADAMS Accession No. Federal Register Citation
Final Rule, "Licenses, Certifications, and Approvals for Nuclear Power Plants; Final Rule," dated August 28, 2007	72 FR 49352
SECY-15-0002, "Proposed Updates of Licensing Policies, Rules, and Guidance for Future New Reactor Applications," dated January 8, 2015	ML13281A382
SRM-SECY-15-0002, "Staff Requirements—SECY-15-0002—Proposed Updates of Licensing Policies, Rules, and Guidance for Future New Reactor Applications," dated September 22, 2015	ML15266A023

IV. Conclusion

For the reasons cited in this document, the NRC will consider the issue raised in the PRM in an ongoing rulemaking process.

The NRC tracks the status of PRMs on its website at <https://www.nrc.gov/about-nrc/regulatory/rulemaking/rules-petitions.html>. In addition, the Federal rulemaking website (<https://www.regulations.gov>) allows you to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) Navigate to the docket folder (NRC-2009-0196); (2) click the "Email Alert" link; and (3) enter your email address and select how frequently you would like to receive emails (daily, weekly, or monthly). As in all rulemakings, the NRC will solicit and consider public comments during the proposed rule phase of the rulemaking, before determining the approach that will become the basis for the final rule. Publication of this document in the **Federal Register** closes Docket ID NRC-2015-0028 for PRM-50-110.

Dated: October 13, 2020.

For the Nuclear Regulatory Commission.

Annette L. Vietti-Cook,

Secretary of the Commission.

[FR Doc. 2020-23022 Filed 10-19-20; 8:45 am]

BILLING CODE 7590-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2019-0576; Product Identifier 2019-NM-049-AD]

RIN 2120-AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Proposed rule; withdrawal.

SUMMARY: The FAA is withdrawing a notice of proposed rulemaking (NPRM) that proposed to adopt a new airworthiness directive (AD) that would have applied to all The Boeing Company Model 747-400, 747-400F,

747-8F, and 747-8 series airplanes. The NPRM was prompted by reports of dual flight management computer (FMC) cold starts during a critical flight phase such as takeoff and approach. The NPRM would have required an inspection to determine if certain software is installed, installation of FMC operational program software (OPS) and a software configuration check, and applicable concurrent requirements. Since issuance of the NPRM, the FAA determined that the installation of new software, as proposed in the NPRM, does not resolve the unsafe condition identified in the NPRM. Accordingly, the NPRM is withdrawn.

DATES: The FAA is withdrawing the proposed rule published August 8, 2019 (84 FR 38887), as of October 20, 2020.

ADDRESSES:

Examining the AD Docket

You may examine the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2019-0576; 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 AD action, any comments received, and other information. The street address for Docket Operations is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT:

Nelson Sanchez, Aerospace Engineer, Systems and Equipment Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; telephone and fax: 206-231-3543; email: nelson.sanchez@faa.gov.

SUPPLEMENTARY INFORMATION:

Discussion

The FAA issued an NPRM that proposed to amend 14 CFR part 39 by adding an AD that would apply to the specified products. The NPRM was published in the **Federal Register** on August 8, 2019 (84 FR 38887). The NPRM was prompted by reports of dual FMC cold starts during a critical flight phase such as takeoff and approach. The NPRM proposed to require an

inspection to determine if certain software is installed, installation of FMC OPS and a software configuration check, and applicable concurrent requirements. The proposed actions were intended to address dual FMC cold starts, which can result in a loss of flight critical data from flight deck displays during a high workload phase of flight. This condition, if not addressed, could reduce the flightcrew's situational awareness, resulting in a loss of continued safe flight and landing.

Actions Since the NPRM Was Issued

Since issuance of the NPRM, the manufacturer discovered that the installation of new NG FMC BP 4.0 software, as proposed in the NPRM, does not resolve the unsafe condition identified in the NPRM, and the manufacturer is developing new software to resolve the unsafe condition. In light of these changes, the FAA is considering further rulemaking.

Withdrawal of the NPRM constitutes only such action and does not preclude the FAA from further rulemaking on this issue, nor does it commit the FAA to any course of action in the future.

FAA's Conclusions

Upon further consideration, the FAA has determined that the NPRM does not adequately address the identified unsafe condition. Accordingly, the NPRM is withdrawn.

Regulatory Findings

Since this action only withdraws an NPRM, it is neither a proposed nor a final rule. This action therefore is not covered under Executive Order 12866, the Regulatory Flexibility Act, or DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979).

List of Subjects in 14 CFR Part 39

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

The Withdrawal

Accordingly, the notice of proposed rulemaking, Docket No. FAA-2019-0576, which was published in the **Federal Register** on August 8, 2019 (84 FR 38887), is withdrawn.

Issued on October 7, 2020.

Lance T. Gant,

*Director, Compliance & Airworthiness
Division, Aircraft Certification Service.*

[FR Doc. 2020-23166 Filed 10-19-20; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 117

[Docket No. USCG-2020-0573]

RIN 1625-AA09

Drawbridge Operation Regulation; Little Manatee River, Ruskin, Hillsborough County, FL

AGENCY: Coast Guard, DHS.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes to modify the operating schedule that governs the Seaboard Systems Railroad Bridge across the Little Manatee River, mile 2.4, at Ruskin, Hillsborough County, FL. This proposed rule would allow the swing bridge to be remotely operated and provide an opening when a three hour notice is given. The proposed rule would also change the name of the bridge to reflect current ownership.

DATES: Comments and relate material must reach the Coast Guard on or before December 21, 2020.

ADDRESSES: You may submit comments identified by docket number USCG-2020-0573 using Federal eRulemaking Portal at <http://www.regulations.gov>.

See the “Public Participation and Request for Comments” portion of the **SUPPLEMENTARY INFORMATION** section below for instructions on submitting comments.

FOR FURTHER INFORMATION CONTACT: If you have questions on this proposed rule, call or email LT Clark W. Sanford with the Coast Guard Sector St Petersburg Florida, Waterways Office; telephone 813-228-2191 x8105, email Clark.W.Sanford@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
OMB Office of Management and Budget
NPRM Notice of Proposed Rulemaking
(Advance, Supplemental)

§ Section
U.S.C. United States Code

II. Background, Purpose and Legal Basis

CSX Transportation requested the Coast Guard consider allowing the Seaboard Systems Railroad Bridge 33 CFR 117.297, across the Little Manatee River to be remotely operated. The name of the bridge would be updated to reflect the current bridge owner and will be referred to as the CSX Railroad Bridge. The Seaboard System Railroad Bridge across the Little Manatee River, mile 2.4, at Ruskin, Hillsborough County, FL is a swing bridge. The bridge is currently maintained in the closed position with a three hour advance notice for an opening. It has a vertical clearance of 5 feet at mean high water in the closed position and a horizontal clearance of 35 feet.

III. Discussion of Proposed Rule

The Coast Guard proposes to modify the operating schedule of the Seaboard System Railroad Bridge across Little Manatee River, mile 2.4, in Ruskin, Hillsborough County, FL. This proposed regulation would change the name of the bridge and allow the bridge to be remotely monitored and operated. This proposal will allow vessels to pass through the bridge while taking into account the reasonable needs of other modes of transportation.

IV. Regulatory Analyses

We developed this proposed rule after considering numerous statutes and Executive Orders related to rulemaking. Below we summarize our analyses based on these statutes and Executive Orders and we discuss First Amendment rights of protestors.

A. Regulatory Planning and Review

Executive Orders 12866 and 13563 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. Executive Order 13771 directs agencies to control regulatory costs through a budgeting process. This NPRM has not been designated a “significant regulatory action,” under Executive Order 12866. Accordingly, the NPRM has not been reviewed by the Office of Management and Budget (OMB) and pursuant to OMB guidance it is exempt from the requirements of Executive Order 13771.

This regulatory action determination is based on the ability that vessels can still transit the bridge given advanced notice. Vessels that can transit under the bridge without an opening may do so at any time.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601–612, as amended, requires federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term “small entities” comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. The Coast Guard certifies under 5 U.S.C. 605(b) that this proposed rule would not have a significant economic impact on a substantial number of small entities.

While some owners or operators of vessels intending to transit the bridge may be small entities, for the reasons stated in section IV.A above this proposed rule would not have a significant economic impact on any vessel owner or operator.

If you think that your business, organization, or governmental jurisdiction qualifies as a small entity and that this rule would have a significant economic impact on it, please submit a comment (see **ADDRESSES**) explaining why you think it qualifies and how and to what degree this rule would economically affect it.

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), we want to assist small entities in understanding this proposed rule. If the rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. The Coast Guard will not retaliate against small entities that question or complain about this proposed rule or any policy or action of the Coast Guard.

C. Collection of Information

This proposed rule would call for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520.).

D. Federalism and Indian Tribal Government

A rule has implications for federalism under Executive Order 13132, (Federalism), if it has 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. We have analyzed this proposed rule under that Order and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in Executive Order 13132.

Also, this proposed rule does not have tribal implications under Executive Order 13175, (Consultation and Coordination with Indian Tribal Governments), because it would not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes. If you believe this proposed rule has implications for federalism or Indian tribes, please contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

E. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100,000,000 (adjusted for inflation) or more in any one year. Though this proposed rule will not result in such an expenditure, we do discuss the effects of this proposed rule elsewhere in this preamble.

F. Environment

We have analyzed this proposed rule under Department of Homeland Security Management Directive 023–01, Rev.1, associated implementing instructions, and Environmental Planning Policy COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA)(42 U.S.C. 4321–4370f). The Coast Guard has determined that this action is one of a category of actions which do not individually or cumulatively have a significant effect on the human environment. This proposed rule simply promulgates the operating regulations or procedures for drawbridges. Normally such actions are categorically excluded from further review, under paragraph L49, of Chapter 3, Table 3–1 of the U.S. Coast Guard

Environmental Planning Implementation Procedures.

Neither a Record of Environmental Consideration nor a Memorandum for the Record are required for this rule. We seek any comments or information that may lead to the discovery of a significant environmental impact from this proposed rule.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places or vessels.

V. Public Participation and Request for Comments

We view public participation as essential to effective rulemaking, and will consider all comments and material received during the comment period. Your comment can help shape the outcome of this rulemaking. If you submit a comment, please include the docket number for this rulemaking, indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation.

We encourage you to submit comments through the Federal eRulemaking Portal at <http://www.regulations.gov>. If your material cannot be submitted using <http://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

We accept anonymous comments. All comments received will be posted without change to <http://www.regulations.gov> and will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Documents mentioned in this NPRM as being available in this docket and all public comments, will be in our online docket at <http://www.regulations.gov> and can be viewed by following that website's instructions. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted or a final rule is published.

List of Subjects in 33 CFR Part 117

Bridges.

For the reasons discussed in the preamble, the Coast Guard proposes to amend 33 CFR part 117 as follows:

PART 117—DRAWBRIDGE OPERATION REGULATIONS

■ 1. The authority citation for part 117 continues to read as follows:

Authority: 33 U.S.C. 499; 33 CFR 1.05–1; DHS Delegation No. 0170.1.

■ 2. Revise § 117.297 to read as follows:

§ 117.297 Little Manatee River.

The draw for the CSX Railroad Bridge, mile 2.4 near Ruskin FL, shall operate as follows:

(a) The bridge is normally maintained in the closed position.

(b) The bridge is not tendered locally, but will be monitored and operated by a remote bridge tender. The draw must open if at least three hours advance notice is requested via marine radio channel 9 VHF or telephone (813) 677–3974.

(c) Marine radio communication shall be maintained, by the remote bridge tender, with mariners near the bridge for the safety of navigation. Visual monitoring of the waterway shall be maintained with the use of cameras. Detection sensors shall be installed for the detection of vessels approaching the spans.

(d) The bridge shall not be operated from the remote location in the following events: Failure or obstruction of the detection sensors, cameras or marine radio communications. In these situations, a bridge tender must be on-site and locally operate the bridge.

Dated: October 7, 2020.

Eric C. Jones,

Rear Admiral, U.S. Coast Guard, Commander, Seventh Coast Guard District.

[FR Doc. 2020–22607 Filed 10–19–20; 8:45 am]

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DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–C–2020–0055]

Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board

AGENCY: Patent Trial and Appeal Board, United States Patent and Trademark Office, Department of Commerce.

ACTION: Request for comments.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO)

seeks public comments on considerations for instituting trials before the Office under the Leahy-Smith America Invents Act (AIA). The USPTO is considering the codification of its current policies and practices, or the modification thereof, through rulemaking and wishes to gather public comments on the Office's current approach and on various other approaches suggested to the Office by stakeholders. To assist in gathering public input, the USPTO is publishing questions, and seeks focused public comments, on appropriate considerations for instituting AIA trials.

DATES: *Comment date:* Written comments must be received on or before November 19, 2020.

ADDRESSES: For reasons of government efficiency, comments must be submitted through the Federal eRulemaking Portal at <https://www.regulations.gov>. To submit comments via the portal, enter docket number PTO-C-2020-0055 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 Request for Comments and click on the "Comment Now!" icon, complete the required fields, and enter or attach your comments. Attachments to electronic comments will be accepted in ADOBE® portable document format or MICROSOFT WORD® format. Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

Visit the Federal eRulemaking Portal (<https://www.regulations.gov>) for additional instructions on providing comments via the portal. If electronic submission of comments is not feasible due to a lack of access to a computer and/or the internet, please contact the USPTO using the contact information below for special instructions regarding how to submit comments by mail or by hand delivery, based on the public's ability to obtain access to USPTO facilities at the time.

FOR FURTHER INFORMATION CONTACT: Scott C. Weidenfeller, Vice Chief Administrative Patent Judge, by telephone at 571-272-9797.

SUPPLEMENTARY INFORMATION:

Background

Development of This Request for Comments

On September 16, 2011, the AIA was enacted into law (Pub. L. 112-29, 125 Stat. 284 (2011)), and in 2012, the Office

implemented rules to govern Office trial practice for AIA trials, including IPR, PGR, CBM,¹ and derivation proceedings pursuant to 35 U.S.C. 135, 316, and 326 and AIA 18(d)(2). *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (Aug. 14, 2012); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 FR 48680 (Aug. 14, 2012); Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 FR 48734 (Aug. 14, 2012). Additionally, the Office published a Patent Trial Practice Guide to advise the public on the general framework of the rules and proceedings, including the structure and times for taking action in each of the new proceedings. *See* Office Patent Trial Practice Guide, 77 FR 48756 (Aug. 14, 2012). Since then, the Office has designated more than 40 decisions in such proceedings as precedential or informative, and it has issued several updates to the Trial Practice Guide that were subsequently consolidated. *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) (Consolidated Trial Practice Guide or CTPG), available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>. In its ongoing effort to achieve consistency and fairness, the Office is considering promulgating additional rules based on this broad experience as it relates to considerations for instituting AIA trials.

Discretion in Deciding Whether To Institute AIA Trials

Director's Discretionary Institution Authority in General

By way of background, the Patent Trial and Appeal Board (PTAB or Board) institutes a trial on behalf of the Director. 37 CFR 42.4(a); 35 U.S.C. 314. In deciding whether to institute the trial, the Board considers, at a minimum, whether a petitioner has satisfied the relevant statutory institution standard. Even in cases where a petitioner has satisfied the institution standard, the statutes, including 35 U.S.C. 314(a) and 324(a), provide the Director with discretion to deny a petition. *See, e.g.*, 35 U.S.C.

314(a) ("The Director may not authorize an inter partes review to be instituted unless . . ."). The Supreme Court held that "the agency's decision to deny a petition is a matter committed to the Patent Office's discretion," and that there is "no mandate to institute review." *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016).

The Director also is given broad discretion under 35 U.S.C. 315(d) and 325(d) to determine the manner in which "multiple proceedings" before the Office involving the same patent may proceed. Specifically, "the Director may determine the manner in which the . . . other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding." *Id.*

Under 35 U.S.C. 316(a) and 326(a), the Director shall prescribe regulations for certain enumerated aspects of AIA proceedings, and under 35 U.S.C. 2(b)(2)(A), the Director may establish regulations that "shall govern the conduct of proceedings in the Office." Further, 35 U.S.C. 316(b) and 326(b) require the Director to "consider the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter."

Congress designed the AIA "to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112-98, pt. 1, at 40 (2011), 2011 U.S.C.A.N. 67, 69; *see also* S. Rep. No. 110-259, at 20 (2008). At the same time, Congress instructed that "the changes made by [the AIA] are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation." H.R. Rep. No. 112-98, at 48 (2011).

To achieve the appropriate balance envisioned by Congress, the Office has taken into account a variety of factors when determining whether to institute a proceeding. In so doing, the Office has also taken into account the considerations identified in 35 U.S.C. 316(b) and 326(b): The economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete instituted proceedings. The Office has also worked to address the emergence of repeated administrative

¹ Under Section 18 of the AIA, the transitional program for post-grant review of covered business method patents sunset on September 16, 2020. AIA § 18(a). Although the program has sunset, existing CBM proceedings, based on petitions filed before September 16, 2020, are still pending.

attacks on the patentability of the same patent claims and the harassment of patent owners.

The case-specific analysis the Office has developed attempt to balance Congress's intent for AIA proceedings to be "quick and cost effective alternatives to litigation," on the one hand, with "the importance of quiet title to patent owners to ensure continued investment resources," on the other hand. H.R. Rep. No. 112–98, pt. 1, at 48 (2011). For example, the Office has set forth, in various precedential PTAB decisions, various factors used in its case-specific analysis. See, e.g., *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016–01357, 2017 WL 3917706, at *7 (PTAB Sept. 6, 2017) (precedential) (providing a nonexclusive list of factors that the Board considers when evaluating discretionary denial of follow-on petitions, also known as "serial" petitions, under 35 U.S.C. 314(a)); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019–00062, –00063, –00084, 2019 WL 1490575 (PTAB Apr. 2, 2019) (precedential) (*Valve I*) (explaining that the Board considers any relationship between petitioners when weighing the *General Plastic* factors); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019–00064, –00065, –00085, 2019 WL 1965688 (PTAB May 1, 2019) (*Valve II*) (applying the first *General Plastic* factor to a petitioner that joined a previously instituted IPR proceeding and, therefore, is considered to have previously filed a petition directed to the same claims of the same patent); *Apple Inc. v. Fintiv, Inc.*, IPR2020–00019, 2020 WL 2126495 (PTAB Mar. 20, 2020) (precedential) (summarizing the factors the Office has considered when a patent owner argues for discretionary denial under *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018–00752, 2018 WL 4373643 (PTAB Sept. 12, 2018) (precedential) due to an earlier trial date).

These same considerations are also represented in various informative decisions. See, e.g., *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, 2020 WL 3273334 (PTAB June 16, 2020) (informative) (applying the factors set forth in the precedential *Fintiv* decision to grant institution); *Apple Inc. v. Fintiv, Inc.*, IPR2020–00019, 2020 WL 2486683 (PTAB May 13, 2020) (informative) (applying the factors set forth in the precedential *Fintiv* decision to deny institution); *Adaptics Ltd. v. Perfect Co.*, IPR2018–01596, 2019 WL 1084284 (PTAB Mar. 6, 2019) (informative) (applying discretion to deny a petition where the petition lacks particularity in identifying the asserted challenges that resulted in

voluminous and excessive grounds); *Deeper, UAB v. Vexilar, Inc.*, IPR2018–01310, 2019 WL 328753 (PTAB Jan. 24, 2019) (informative) (applying discretion to deny a petition where the petitioner demonstrates a reasonable likelihood of prevailing only as to 2 claims out of 23 claims challenged and only as to 1 of 4 asserted grounds of unpatentability); *Chevron Oronite Co. v. Infineum USA L.P.*, IPR2018–00923, 2018 WL 5862245 (PTAB Nov. 7, 2018) (informative) (applying discretion to deny a petition where the petitioner demonstrates a reasonable likelihood of prevailing only as to 2 claims out of 20 claims challenged).

As the Office explained in the Consolidated Trial Practice Guide, consideration of this case-specific analysis is "part of a balanced assessment of all relevant circumstances in the case, including the merits." CTPG at 58 (discussing consideration of the merits as part of a balanced assessment of the *General Plastic* factors); see also *Fintiv*, 2020 WL 2126495, at *2–3, 6–7 (discussing consideration of the merits in the context of discretionary denial).

Informed by similar considerations, the Office has also provided guidance on the number of petitions typically required by a petitioner to challenge the same patent at or about the same time. See CTPG 59–61 (first introduced in Trial Practice Guide Update (July 2019) at 26–28, available at <https://www.uspto.gov/TrialPracticeGuide3> (requiring petitioners to rank multiple petitions filed at the same time that seek to challenge the same patent)). The Board explained that, based on its prior experience, "one petition should be sufficient to challenge the claims of a patent in most situations." *Id.* at 59. In some cases, depending on circumstances, "two petitions by a petitioner may be needed, although this should be rare." *Id.* The Board, however, concluded that it is "unlikely that circumstances will arise where three or more petitions by a petitioner with respect to a particular patent will be appropriate." *Id.*

The Office is now considering promulgating rules based on the framework of the guidance provided in these decisions and in the Consolidated Trial Practice Guide, or a modified framework as appropriate, based on public input and further analysis. These considerations form the impetus for this request for comments and the questions presented below.

Discretion Under 35 U.S.C. 314(a) and 324(a)

Addressing Serial Petitions

In *General Plastic*, the Board recognized the goals of the AIA and also "recognize[d] the potential for abuse of the review process by repeated attacks on patents." 2017 WL 3917706, at *7 (citing H.R. Rep. No. 112–98, pt. 1, at 48 (2011)). To aid the Board's assessment of "the potential impacts on both the efficiency of the IPR process and the fundamental fairness of the process for all parties," *General Plastic* enumerated a number of nonexclusive factors that the Board will consider in a case-specific analysis for exercising discretion on instituting an IPR, especially as to "follow-on" or "serial" petitions challenging the same patent as challenged previously in an IPR, PGR, or CBM proceeding. *Id.* at *8. The *General Plastic* nonexclusive factors include: (1) Whether the same petitioner previously filed a petition directed to the same claims of the same patent; (2) whether, at the time of filing of the first petition, the petitioner knew of the prior art asserted in the second petition or should have known of it; (3) whether, at the time of filing of the second petition, the petitioner had already received a patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition; (4) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; (5) whether the petitioner provides an adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent; (6) the finite resources of the Board; and (7) the requirement under 35 U.S.C. 316(a)(11) to issue a final determination not later than one year after the date on which the Director notices institution of review. *Id.* at *7.

Since *General Plastic*, the Office has explained that the application of the first *General Plastic* factor is not limited to instances where multiple petitions are filed by the same petitioner. For instance, in *Valve I*, the Board denied institution when a party filed follow-on petitions for IPR after the denial of an earlier IPR request of the same claims filed by the party's co-defendant. *Valve I*, 2019 WL 1490575, at *4–5. The Board held that when different petitioners challenge the same patent, the Board considers the relationship, if any, between those petitioners when weighing the *General Plastic* factors. *Id.* The Office also explained, in *Valve II*, that the first *General Plastic* factor

applies to a later petitioner when this petitioner previously joined an instituted IPR proceeding and, therefore, was considered to have previously filed a petition directed to the same claims of the same patent. *Valve II*, 2019 WL 1965688, at *4–5. The relationships between petitioners in follow-on petition scenarios depend on the circumstances of the follow-on petition scenario.

Addressing Timely Completion of Proceedings and Efficient Administration of the Office

General Plastic also includes additional factors that are not limited to the follow-on petitions but are more generally directed toward the timely completion of proceedings and efficient administration of the Office. Under SAS, if the Board decides to institute based on one claim, it must institute on all claims and grounds set forth in the petition. SAS, 138 S. Ct. at 1359–60; *Adidas AG v. Nike, Inc.*, 894 F.3d 1256, 1258 (Fed. Cir. 2018) (“[e]qual treatment of claims and grounds for institution purposes has pervasive support in SAS”). As explained in the Consolidated Trial Practice Guide, however, the Board may decide not to institute the petition if it determines that the petition meets the standards for institution in relation to fewer than all the challenges presented, even when the petition includes at least one claim subject to a challenge that otherwise meets the criteria for institution. CTPG at 64 (discussing *Deeper* and *Chevron*). Likewise, the Board may decide not to institute where deficiencies in the petition, such as a lack of particularity in identifying the asserted challenges, result in voluminous and excessive grounds. See *Adaptics*, 2019 WL 1084284, at *7–10.

Addressing Parallel Petitions

As explained in the Consolidated Trial Practice Guide in relation to parallel petitions challenging the same patent at or about the same time, in the Board’s experience, one petition should be sufficient for a petitioner to challenge the claims of a patent in most situations. CTPG at 59. The Office has explained that “[t]wo or more petitions filed against the same patent at or about the same time (e.g., before the first preliminary response by a patent owner) may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns.” *Id.* The Office has also explained that “multiple petitions by a petitioner are not necessary in the vast majority of cases.” *Id.* (“To date, a substantial majority of

patents have been challenged with a single petition.”).

Nonetheless, the Office explained that circumstances may exist in which more than one petition may be necessary, including, for example, when a patent owner has asserted a large number of claims in litigation or when there is a dispute about priority date, thereby requiring unpatentability challenges under multiple prior art references. *Id.* “In such cases two petitions by a petitioner may be needed, although this should be rare.” *Id.* The Office also explained that “based on prior experience, the Board finds it unlikely that circumstances will arise where three or more petitions by a petitioner with respect to a particular patent will be appropriate.” *Id.* To aid the Board in this case-specific analysis for determining whether more than one petition is necessary, the Office directed the parties to address the issue in their pre-institution filings. *Id.* at 59–60.

Addressing Proceedings in Other Tribunals

The Consolidated Trial Practice Guide explains that events in other proceedings related to the same patent, either at the Office, in U.S. district courts or at the U.S. International Trade Commission (ITC), may also impact the institution decision. CTPG at 58. In a prior precedential decision, for example, the Board found that the advanced state of a district court proceeding was a factor weighing in favor of not instituting under 35 U.S.C. 314(a), in addition to arguments under 35 U.S.C. 325(d). *NHK*, 2018 WL 4373643, at *7. Such advanced proceedings in other tribunals have the potential to undermine the intent that AIA proceedings be quick and cost-effective alternatives, and instead may add costs, lengthen the proceedings, and risk coordinate branches of the Government having different outcomes on similar facts.

Since designating *NHK* as precedential, the Board has applied nonexclusive factors that it considers in a case-specific analysis when a patent owner raises an argument for discretionary denial based on a parallel proceeding in another tribunal, such as a U.S. district court. The Board recently summarized these factors in *Fintiv*: (1) Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; (2) proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision; (3) investment in the parallel proceeding by the court and the parties; (4) overlap between the issues raised in the petition and in the

parallel proceeding; (5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other circumstances that impact the Board’s exercise of discretion, including the merits. *Fintiv*, 2020 WL 2126495, at *2–3. The Board explained that “[t]hese factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* at *3.

Public Input

The Office already has received input from stakeholders on the Office policies discussed above and on use of the Office’s discretion in institution of an AIA trial. The most prevalent input that the Office has received from stakeholders is that the case-specific analysis outlined in the foregoing precedential opinions and the Consolidated Trial Practice Guide achieves the appropriate balance and reduces gamesmanship. Among other things, stakeholders have indicated that the Office’s use of discretion as outlined above helps to ensure that (a) AIA proceedings do not create excessive costs and uncertainty for the patent owner and the system, while (b) meritorious challenges by petitioners can be maintained.

However, some stakeholders have proposed that the Office adopt a bright-line rule that it should use its discretion to preclude claims from being subject to more than one AIA proceeding, regardless of the circumstances. In other words, once a trial is instituted against certain claims, this proposal would preclude the Office from instituting further AIA trials that include challenges by any party to any of the same claims if the patent owner opposes institution.

Other stakeholders have proposed that the Office should only permit more than one AIA proceeding if the follow-on petitioner is unrelated to the prior petitioner. A petitioner, a petitioner’s real parties in interest, and privies of a petitioner would be limited to filing a single petition for a challenged claim, regardless of the circumstances.

By contrast, the Office has received input from some stakeholders proposing that the Office adopt a bright-line approach that there should be no limits on the number of petitions that can be filed or the number of AIA trials that can be instituted against the claims of a patent, so long as the petition complies with statutory timing requirements, e.g., the one-year bar under 35 U.S.C. 315(b), and meets the particular institution

threshold of showing that at least one claim of the patent is unpatentable.

The Office has also received input from stakeholders proposing that the Office adopt a bright-line rule that precludes institution of an AIA trial against challenged claims if the patent owner opposes institution and any of the challenged claims are or have been asserted against the petitioner, the petitioner's real party in interest, or a privy of the petitioner in a district court or ITC action that is unlikely to be stayed.

By contrast, the Office also has received input from other stakeholders proposing that the Office adopt a bright-line rule to eliminate any consideration of the state of any district court or ITC actions involving the challenged patent, so long as the petition complies with statutory timing requirements and meets the particular institution threshold of showing that at least one claim of the patent is unpatentable.

In light of the various contrasting views from some stakeholders, the Office solicits further public input on what should be considered as part of a balanced assessment of the relevant circumstances when exercising its discretion to institute an AIA trial.

Issues for Comment

The USPTO seeks comments on considerations for instituting AIA trials as it relates to serial and parallel AIA petitions, as well as proceedings in other tribunals. The questions enumerated below are a preliminary guide to aid the USPTO in collecting relevant information to assist in modifications, if any, to its current practices, and in the development of any possible rulemaking on this subject. The questions should not be taken as an indication that the USPTO has taken a position or is predisposed to any particular views. The USPTO welcomes comments from the public on any issues believed to be relevant to these topics, and is particularly interested in answers to the following questions:

Serial Petitions

1. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *General Plastic*, *Valve I*, *Valve II* and their progeny, for deciding whether to institute a petition on claims that have previously been challenged in another petition?

2. Alternatively, in deciding whether to institute a petition, should the Office (a) altogether disregard whether the claims have previously been challenged in another petition, or (b) altogether decline to institute if the claims have

previously been challenged in another petition?

Parallel Petitions

3. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in the Consolidated Trial Practice Guide, for deciding whether to institute more than one petition filed at or about the same time on the same patent?

4. Alternatively, in deciding whether to institute more than one petition filed at or about the same time on the same patent, should the Office (a) altogether disregard the number of petitions filed, or (b) altogether decline to institute on more than one petition?

Proceedings in Other Tribunals

5. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Fintiv* and its progeny, for deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court or the ITC?

6. Alternatively, in deciding whether to institute a petition on a patent that is or has been subject to other proceedings in district court or the ITC, should the Office (a) altogether disregard such other proceedings, or (b) altogether decline to institute if the patent that is or has been subject to such other proceedings, unless the district court or the ITC has indicated that it will stay the action?

Other Considerations

7. Whether or not the Office promulgates rules on these issues, are there any other modifications the Office should make in its approach to serial and parallel AIA petitions, proceedings in other tribunals, or other use of discretion in deciding whether to institute an AIA trial?

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 721

[EPA-HQ-OPPT-2020-0497; FRL-10015-28]

RIN 2070-AB27

Significant New Use Rules on Certain Chemical Substances (20-10.B)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing significant new use rules (SNURs) under the Toxic Substances Control Act (TSCA) for chemical substances which are the subject of premanufacture notices (PMNs). This action would require persons to notify EPA at least 90 days before commencing manufacture (defined by statute to include import) or processing of any of these chemical substances for an activity that is designated as a significant new use by this proposed rule. This action would further require that persons not commence manufacture or processing for the significant new use until they have submitted a Significant New Use Notice (SNUN), and EPA has conducted a review of the notice, made an appropriate determination on the notice, and has taken any risk management actions as are required as a result of that determination.

DATES: Comments must be received on or before November 19, 2020.

ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA-HQ-OPPT-2020-0497, using the Federal eRulemaking Portal at <http://www.regulations.gov>. Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Due to the public health emergency, the EPA Docket Center (EPA/DC) and Reading Room is closed to visitors with limited exceptions. The staff continues to provide remote customer service via email, phone, and webform. For the latest status information on EPA/DC services and docket access, visit <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information contact: William Wysong, Chemical Control Division (7405M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001;

telephone number: (202) 564-4163; email address: wysong.william@epa.gov.

For general information contact: The TSCA-Hotline, ABVI-Goodwill, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (202) 554-1404; email address: TSCA-Hotline@epa.gov.

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

You may be potentially affected by this action if you manufacture, process, or use the chemical substances contained in this proposed rule. The following list of North American Industrial Classification System (NAICS) codes is not intended to be exhaustive, but rather provides a guide to help readers determine whether this document applies to them. Potentially affected entities may include:

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

This action may also affect certain entities through pre-existing import certification and export notification rules under TSCA. Chemical importers are subject to the TSCA section 13 (15 U.S.C. 2612) import provisions. This action may also affect certain entities through pre-existing import certification and export notification rules under TSCA, which would include the SNUR requirements should these proposed rules be finalized. The EPA policy in support of import certification appears at 40 CFR part 707, subpart B. In addition, pursuant to 40 CFR 721.20, any persons who export or intend to export a chemical substance that is the subject of this proposed rule on or after November 19, 2020 are subject to the export notification provisions of TSCA section 12(b) (15 U.S.C. 2611(b)) and must comply with the export notification requirements in 40 CFR part 707, subpart D.

B. What should I consider as I prepare my comments for EPA?

1. *Submitting CBI.* Do not submit CBI to EPA through [regulations.gov](https://www.regulations.gov) or email. Clearly mark the part or all of the information that you claim to be CBI. For CBI information in a disk or CD-ROM that you mail to EPA, mark the outside of the disk or CD-ROM as CBI and then identify electronically within the disk or CD-ROM the specific information that is claimed as CBI. In addition to one complete version of the comment that includes information claimed as CBI, a copy of the comment

that does not contain the information claimed as CBI must be submitted for inclusion in the public docket.

Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

2. *Tips for preparing your comments.* When preparing and submitting your comments, see the commenting tips at <https://www.epa.gov/dockets/commenting-epa-dockets>.

II. Background

A. What action is the Agency taking?

EPA is proposing these SNURs under TSCA section 5(a)(2) for chemical substances which are the subjects of PMNs P-18-289, P-18-330, P-18-334, P-18-335, and P-18-337. These proposed SNURs would require persons who intend to manufacture or process any of these chemical substances for an activity that is designated as a significant new use to notify EPA at least 90 days before commencing that activity.

The record for these proposed SNURs, identified as docket ID number EPA-HQ-OPPT-2020-0497, includes information considered by the Agency in developing these proposed SNURs.

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

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

C. Do the SNUR general provisions apply?

General provisions for SNURs appear in 40 CFR part 721, subpart A. These provisions describe persons subject to the rule, recordkeeping requirements, exemptions to reporting requirements, and applicability of the rule to uses occurring before the effective date of the rule. Provisions relating to user fees appear at 40 CFR part 700. Pursuant to 40 CFR 721.1(c), persons subject to these SNURs must comply with the same SNUN requirements and EPA regulatory procedures as submitters of PMNs under TSCA section 5(a)(1)(A) (15 U.S.C. 2604(a)(1)(A)). In particular, these requirements include the information submission requirements of TSCA sections 5(b) and 5(d)(1) (15 U.S.C. 2604(b) and 2604(d)(1)), the exemptions authorized by TSCA sections 5(h)(1), 5(h)(2), 5(h)(3), and 5(h)(5) and the regulations at 40 CFR part 720. Once EPA receives a SNUN,

EPA must either determine that the use is not likely to present an unreasonable risk of injury under the conditions of use for the chemical substance or take such regulatory action as is associated with an alternative determination before the manufacture or processing for the significant new use can commence. If EPA determines that the chemical substance is not likely to present an unreasonable risk, EPA is required under TSCA section 5(g) to make public, and submit for publication in the **Federal Register**, a statement of EPA's findings.

III. Significant New Use Determination

TSCA section 5(a)(2) states that EPA's determination that a use of a chemical substance is a significant new use must be made after consideration of all relevant factors, including:

- The projected volume of manufacturing and processing of a chemical substance.
- The extent to which a use changes the type or form of exposure of human beings or the environment to a chemical substance.
- The extent to which a use increases the magnitude and duration of exposure of human beings or the environment to a chemical substance.
- The reasonably anticipated manner and methods of manufacturing, processing, distribution in commerce, and disposal of a chemical substance.

In determining what would constitute a significant new use for the chemical substances that are the subject of these SNURs, EPA considered relevant information about the toxicity of the chemical substances, and potential human exposures and environmental releases that may be associated with the substances, in the context of the four bulleted TSCA section 5(a)(2) factors listed in this unit. During its review of these chemicals, EPA identified certain conditions of use that are not intended by the submitters, but reasonably foreseen to occur. EPA is proposing to designate those reasonably foreseen conditions of use as well as certain other circumstances of use as significant new uses.

IV. Substances Subject to This Proposed Rule

EPA is proposing significant new use and recordkeeping requirements be added to 40 CFR part 721, subpart E for the chemical substances identified in this unit. For each chemical substance, EPA provides the following information in this unit:

- PMN number.
- Chemical name (generic name, if the specific name is claimed as CBI).

- Chemical Abstracts Service (CAS) Registry number (if assigned for non-confidential chemical identities).
- Basis for the SNUR.
- Potentially useful information.
- CFR citation assigned in the regulatory text section of these proposed rules.

The regulatory text section of these proposed rules specifies the activities designated as significant new uses. Certain new uses, including production volume limits and other uses designated in the proposed rules, may be claimed as CBI.

The chemical substances that are the subject of these proposed SNURs are undergoing premanufacture review. In addition to those conditions of use intended by the submitter, EPA has identified certain other reasonably foreseen conditions of use. EPA has preliminarily determined that the chemicals under their intended conditions of use are not likely to present an unreasonable risk. However, EPA has not assessed risks associated with the reasonably foreseen conditions of use for these chemicals. EPA is proposing to designate these reasonably foreseen conditions of use and other circumstances of use as significant new uses. As a result, those significant new uses cannot occur without first going through a separate, subsequent EPA review and determination process associated with a SNUN.

The substances subject to these proposed rules are as follows:

PMN Number: P-18-289

Chemical name: 2-(2(Methylcaboxymonocyclic)amino)ethoxy)-alcohol (generic).

CAS number: Not available.

Basis for action: The PMN states that the generic use of the substance will be as a gas scrubber and wastewater deodorizer. Based on the physical/chemical properties of the PMN substance and Structure Activity Relationships (SAR) analysis of test data on analogous substances, EPA has identified concerns for eye irritation, skin irritation, and specific target organ toxicity if the chemical is not used following the limitations noted. This proposed SNUR designates the following as “significant new uses” requiring further review by EPA:

1. Manufacture beyond an annual production volume of 80,000 kg.
2. Use other than for the confidential uses specified in the PMN.

Potentially useful information: EPA has determined that certain information about the effects of the PMN substance may be potentially useful if a manufacturer or processor is

considering submitting a SNUN for a significant new use that would be designated by this proposed SNUR. EPA has determined that the results of eye irritation/corrosion and specific target organ toxicity testing would help characterize the potential health effects of the PMN substance.

CFR citation: 40 CFR 721.11561.

PMN Number: P-18-330

Chemical name: Formaldehyde, polymer with alkyl aryl ketone (generic).

CAS number: Not available.

Basis for action: The PMN states that the generic use of the substance will be as an initiator. Based on the physical/chemical properties of the PMN substance and SAR analysis of test data on analogous substances, EPA has identified concerns for nephrotoxicity, skin sensitization, specific target organ toxicity, and systemic toxicity if the chemical is not used following the limitations noted. This proposed SNUR designates the following as “significant new uses” requiring further review by EPA:

1. Use of the PMN substance in a consumer product.
2. Release of the PMN substance resulting in surface water concentrations that exceed 770 ppb.

Potentially useful information: EPA has determined that certain information about the effects of the PMN substance may be potentially useful if a manufacturer or processor is considering submitting a SNUN for a significant new use that would be designated by this proposed SNUR. EPA has determined that the results of skin sensitization and specific target organ toxicity testing would help characterize the potential health effects of the PMN substance.

CFR citation: 40 CFR 721.11562.

PMN Number: P-18-334

Chemical name: Propanedioic acid, 1,3-dihexyl ester.

CAS number: 1431-37-4.

Basis for action: The PMN states that the use of the substance will be as a chemical intermediate. Based on the physical/chemical properties of the PMN substance and SAR analysis of test data on analogous substances, EPA has identified concerns for aquatic toxicity, eye irritation, and specific target organ toxicity if the chemical is not used following the limitations noted. This proposed SNUR designates the following as “significant new uses” requiring further review by EPA:

1. Use other than as a chemical intermediate.

2. Release of the PMN substance resulting in surface water concentrations that exceed 3 ppb.

Potentially useful information: EPA has determined that certain information about the effects of the PMN substance may be potentially useful if a manufacturer or processor is considering submitting a SNUN for a significant new use that would be designated by this proposed SNUR. EPA has determined that the results of aquatic toxicity, eye irritation/corrosion, and specific target organ toxicity testing would help characterize the potential environmental and health effects of the PMN substance.

CFR citation: 40 CFR 721.11563.

PMN Number: P-18-335

Chemical name: Propanedioic acid, 1,3-dicyclohexyl ester.

CAS number: 1152-57-4.

Basis for action: The PMN states that the use of the substance will be as a chemical intermediate. Based on the physical/chemical properties of the PMN substance and SAR analysis of test data on analogous substances, EPA has identified concerns for aquatic toxicity, eye irritation, skin irritation, and specific target organ toxicity if the chemical is not used following the limitations noted. This proposed SNUR designates the following as “significant new uses” requiring further review by EPA:

1. Use other than as a chemical intermediate.
2. Release of the PMN substance resulting in surface water concentrations that exceed 6 ppb.

Potentially useful information: EPA has determined that certain information about the effects of the PMN substance may be potentially useful if a manufacturer or processor is considering submitting a SNUN for a significant new use that would be designated by this proposed SNUR. EPA has determined that the results of aquatic toxicity, eye irritation/corrosion, skin irritation/corrosion, and specific target organ toxicity testing would help characterize the potential environmental and health effects of the PMN substance.

CFR citation: 40 CFR 721.11564.

PMN Number: P-18-337

Chemical name: Propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dicyclohexyl ester.

CAS number: 222732-46-7.

Basis for action: The PMN states that the use of the substance will be as a chemical intermediate. Based on the physical/chemical properties of the PMN substance and Structure Activity Relationships (SAR) analysis of test data

on analogous substances, EPA has identified concerns for aquatic toxicity, eye irritation, skin irritation, and specific target organ toxicity if the chemical is not used following the limitations noted. This proposed SNUR designates the following as “significant new uses” requiring further review by EPA:

- Release of the PMN substance resulting in surface water concentrations that exceed 95 ppb.

Potentially useful information: EPA has determined that certain information about the effects of the PMN substance may be potentially useful if a manufacturer or processor is considering submitting a SNUN for a significant new use that would be designated by this proposed SNUR. EPA has determined that the results of aquatic toxicity, eye irritation/corrosion, skin irritation/corrosion, and specific target organ toxicity testing would help characterize the potential environmental and health effects of the PMN substance.

CFR citation: 40 CFR 721.11565.

V. Rationale and Objectives of the Proposed Rule

A. Rationale

During review of the PMNs submitted for the chemical substances that are the subject of these proposed SNURs and as further discussed in Unit IV., EPA identified certain other reasonably foreseen conditions of use, in addition to those conditions of use intended by the submitter. EPA has preliminarily determined that the chemical under the intended conditions of use is not likely to present an unreasonable risk. However, EPA has not assessed risks associated with the reasonably foreseen conditions of use. EPA is proposing to designate these conditions of use as well as certain other circumstances of use as significant new uses. As a result, those significant new uses cannot occur without going through a separate, subsequent EPA review and determination process associated with a SNUN.

B. Objectives

EPA is proposing these SNURs because the Agency wants:

- To have an opportunity to review and evaluate data submitted in a SNUN before the notice submitter begins manufacturing or processing a listed chemical substance for the described significant new use.
- To be obligated to make a determination under TSCA section 5(a)(3) regarding the use described in the SNUN, under the conditions of use. The Agency will either determine under

TSCA section 5(a)(3)(C) that the chemical, under the conditions of use, is not likely to present an unreasonable risk, including an unreasonable risk to a potentially exposed or susceptible subpopulation identified as relevant by the Administrator under the conditions of use, or make a determination under TSCA section 5(a)(3)(A) or (B) and take the required regulatory action associated with the determination, before manufacture or processing for the significant new use of the chemical substance can occur.

- To be able to complete its review and determination on each of the PMN substances, while deferring analysis on the significant new uses proposed in these rules unless and until the Agency receives a SNUN.

Issuance of a proposed SNUR for a chemical substance does not signify that the chemical substance is listed on the TSCA Inventory. Guidance on how to determine if a chemical substance is on the TSCA Inventory is available on the internet at <https://www.epa.gov/tscainventory>.

VI. Applicability of the Proposed Rules to Uses Occurring Before the Effective Date of the Final Rule

To establish a significant new use, EPA must determine that the use is not ongoing. The chemical substances subject to this proposed rule were undergoing premanufacture review at the time of signature of this proposed rule and were not on the TSCA Inventory. In cases where EPA has not received a notice of commencement (NOC) and the chemical substance has not been added to the TSCA Inventory, no person may commence such activities without first submitting a PMN. Therefore, for the chemical substances subject to these proposed SNURs, EPA concludes that the proposed significant new uses are not ongoing.

EPA designates October 6, 2020 (date of web posting of this proposed rule) as the cutoff date for determining whether the new use is ongoing. The objective of EPA's approach is to ensure that a person cannot defeat a SNUR by initiating a significant new use before the effective date of the final rule.

Persons who begin commercial manufacture or processing of the chemical substances for a significant new use identified on or after that date would have to cease any such activity upon the effective date of the final rule. To resume their activities, these persons would have to first comply with all applicable SNUR notification requirements and EPA would have to take action under section 5 allowing

manufacture or processing to proceed. In developing this proposed rule, EPA has recognized that, given EPA's general practice of posting proposed rules on its website a week or more in advance of **Federal Register** publication, this objective could be thwarted even before **Federal Register** publication of the proposed rule.

VII. Development and Submission of Information

EPA recognizes that TSCA section 5 does not require development of any particular new information (e.g., generating test data) before submission of a SNUN. There is an exception: If a person is required to submit information for a chemical substance pursuant to a rule, order or consent agreement under TSCA section 4 (15 U.S.C. 2603), then TSCA section 5(b)(1)(A) (15 U.S.C. 2604(b)(1)(A)) requires such information to be submitted to EPA at the time of submission of the SNUN.

In the absence of a rule, order, or consent agreement under TSCA section 4 covering the chemical substance, persons are required only to submit information in their possession or control and to describe any other information known to or reasonably ascertainable by them (see 40 CFR 720.50). However, upon review of PMNs and SNUNs, the Agency has the authority to require appropriate testing. Unit IV. lists potentially useful information for all SNURs listed here. Descriptions are provided for informational purposes. The potentially useful information identified in Unit IV. will be useful to EPA's evaluation in the event that someone submits a SNUN for the significant new use. Companies who are considering submitting a SNUN are encouraged, but not required, to develop the information on the substance, which may assist with EPA's analysis of the SNUN.

EPA strongly encourages persons, before performing any testing, to consult with the Agency pertaining to protocol selection. Furthermore, pursuant to TSCA section 4(h), which pertains to reduction of testing in vertebrate animals, EPA encourages consultation with the Agency on the use of alternative test methods and strategies (also called New Approach Methodologies, or NAMs), if available, to generate the recommended test data. EPA encourages dialog with Agency representatives to help determine how best the submitter can meet both the data needs and the objective of TSCA section 4(h).

The potentially useful information described in Unit IV. may not be the only means of providing information to

evaluate the chemical substance associated with the significant new uses. However, submitting a SNUN without any test data may increase the likelihood that EPA will take action under TSCA sections 5(e) or 5(f). EPA recommends that potential SNUN submitters contact EPA early enough so that they will be able to conduct the appropriate tests.

SNUN submitters should be aware that EPA will be better able to evaluate SNUNs which provide detailed information on the following:

- Human exposure and environmental release that may result from the significant new use of the chemical substances.

VIII. SNUN Submissions

According to 40 CFR 721.1(c), persons submitting a SNUN must comply with the same notification requirements and EPA regulatory procedures as persons submitting a PMN, including submission of test data on health and environmental effects as described in 40 CFR 720.50. SNUNs must be submitted on EPA Form No. 7710–25, generated using e-PMN software, and submitted to the Agency in accordance with the procedures set forth in 40 CFR 720.40 and 721.25. E-PMN software is available electronically at <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca>.

IX. Economic Analysis

EPA has evaluated the potential costs of establishing SNUN requirements for potential manufacturers and processors of the chemical substances subject to this proposed rule. EPA's complete economic analysis is available in the docket for this rulemaking.

X. Statutory and Executive Order Reviews

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

A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563: Improving Regulations and Regulatory Review

This action proposes to establish SNURs for new chemical substances that were the subject of PMNs. The Office of Management and Budget (OMB) has exempted these types of actions from review under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011).

B. Paperwork Reduction Act (PRA)

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

The information collection requirements related to this action have already been approved by OMB pursuant to PRA under OMB control number 2070–0012 (EPA ICR No. 574). This action does not impose any burden requiring additional OMB approval. If an entity were to submit a SNUN to the Agency, the annual burden is estimated to average between 30 and 170 hours per response. This burden estimate includes the time needed to review instructions, search existing data sources, gather and maintain the data needed, and complete, review, and submit the required SNUN.

Send any comments about the accuracy of the burden estimate, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques, to the Director, Regulatory Support Division, Office of Mission Support (2822T), Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001. Please remember to include the OMB control number in any correspondence, but do not submit any completed forms to this address.

C. Regulatory Flexibility Act (RFA)

Pursuant to section 605(b) of the RFA, 5 U.S.C. 601 *et seq.*, I hereby certify that promulgation of this proposed SNUR would not have a significant adverse economic impact on a substantial number of small entities. The requirement to submit a SNUN applies to any person (including small or large entities) who intends to engage in any activity described in the final rule as a “significant new use.” Because these uses are “new,” based on all information currently available to EPA, it appears that no small or large entities presently engage in such activities.

A SNUR requires that any person who intends to engage in such activity in the future must first notify EPA by submitting a SNUN. Although some small entities may decide to pursue a significant new use in the future, EPA

cannot presently determine how many, if any, there may be. However, EPA's experience to date is that, in response to the promulgation of SNURs covering over 1,000 chemicals, the Agency receives only a small number of notices per year. For example, the number of SNUNs received was seven in Federal fiscal year (FY) 2013, 13 in FY2014, six in FY2015, 12 in FY2016, 13 in FY2017, and 11 in FY2018, only a fraction of these were from small businesses. In addition, the Agency currently offers relief to qualifying small businesses by reducing the SNUN submission fee from \$16,000 to \$2,800. This lower fee reduces the total reporting and recordkeeping of cost of submitting a SNUN to about \$10,116 for qualifying small firms. Therefore, the potential economic impacts of complying with this proposed SNUR are not expected to be significant or adversely impact a substantial number of small entities. In a SNUR that published in the **Federal Register** of June 2, 1997 (62 FR 29684) (FRL–5597–1), the Agency presented its general determination that final SNURs are not expected to have a significant economic impact on a substantial number of small entities, which was provided to the Chief Counsel for Advocacy of the Small Business Administration.

D. Unfunded Mandates Reform Act (UMRA)

Based on EPA's experience with proposing and finalizing SNURs, State, local, and Tribal governments have not been impacted by these rulemakings, and EPA does not have any reasons to believe that any State, local, or Tribal government will be impacted by this proposed rule. As such, EPA has determined that this proposed rule does not impose any enforceable duty, contain any unfunded mandate, or otherwise have any effect on small governments subject to the requirements of UMRA sections 202, 203, 204, or 205 (2 U.S.C. 1531–1538 *et seq.*).

E. Executive Order 13132: Federalism

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

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

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

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

This action is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997), because this is not an economically significant regulatory action as defined by Executive Order 12866, and this action does not address environmental health or safety risks disproportionately affecting children.

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

This proposed rule is not subject to Executive Order 13211 (66 FR 28355, May 22, 2001), because this action is not expected to affect energy supply, distribution, or use and because this action is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act (NTTAA)

In addition, since this action does not involve any technical standards, NTTAA section 12(d), 15 U.S.C. 272 note, does not apply to this action.

J. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations

This action does not entail special considerations of environmental justice related issues as delineated by Executive Order 12898 (59 FR 7629, February 16, 1994).

List of Subjects in 40 CFR Part 721

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

Dated: September 30, 2020.

Tala Henry,
Deputy Director, Office of Pollution Prevention and Toxics.

Therefore, for the reasons stated in the preamble, EPA proposes to amend 40 CFR part 721 as follows:

PART 721—SIGNIFICANT NEW USES OF CHEMICAL SUBSTANCES

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

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

■ 2. Add §§ 721.11561 through 721.11565 to subpart E to read as follows:

Subpart E—Significant New Uses for Specific Chemical Substances

Sec.

*	*	*	*	*
721.11561	2-	(2(Methylcaboxymonocyclic)amino)ethoxy)-alcohol (generic).		
721.11562		Formaldehyde, polymer with alkyl aryl ketone (generic).		
721.11563		Propanedioic acid, 1,3-dihexyl ester.		
721.11564		Propanedioic acid, 1,3-dicyclohexyl ester.		
721.11565		Propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dicyclohexyl ester		
*	*	*	*	*

§ 721.11561 2-(2(Methylcaboxymonocyclic)amino)ethoxy)-alcohol (generic).

(a) *Chemical substance and significant new uses subject to reporting.* (1) The chemical substance generically identified as 2-(2(Methylcaboxymonocyclic)amino)ethoxy)-alcohol (PMN P-18-289) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:
(i) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(j) and (s) (80,000 kilograms).

(ii) [Reserved]

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

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

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

(3) *Determining whether a specific use is subject to this section.* The provisions of § 721.1725(b)(1) apply to paragraph (a)(2)(i) of this section.

§ 721.11562 Formaldehyde, polymer with alkyl aryl ketone (generic).

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

(1) The chemical substance generically identified as formaldehyde, polymer with alkyl aryl ketone (PMN P-18-330) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o).

(ii) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4) where N = 770.

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

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

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

§ 721.11563 Propanedioic acid, 1,3-dihexyl ester.

(a) *Chemical substance and significant new uses subject to reporting.* (1) The chemical substance identified as propanedioic acid, 1,3-dihexyl ester (PMN P-18-334, CAS No. 1431-37-4) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(g).

(ii) *Release to water.* Requirements as specified in § 721.90 (a)(4), (b)(4), (c)(4), where N = 3.

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

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

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

§ 721.11564 Propanedioic acid, 1,3-dicyclohexyl ester.

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

(1) The chemical substance identified as propanedioic acid, 1,3-dicyclohexyl ester (PMN P-18-335, CAS No. 1152-57-4) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(g).

(ii) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N = 6.

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

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

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

§ 721.11565 Propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dicyclohexyl ester.

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

(1) The chemical substance identified as propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dicyclohexyl ester (PMN P-18-337, CAS No. 222732-46-7) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N = 95.

(ii) [Reserved]

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

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

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

[FR Doc. 2020-22645 Filed 10-19-20; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 64

[WC Docket No. 12-375; DA 20-1128, FRS 17113]

Rates for Interstate Inmate Calling Services

AGENCY: Federal Communications Commission.

ACTION: Proposed rule; availability of supplemental information.

SUMMARY: In this document, the Federal Communications Commission (Commission) announces the availability, under the terms of the Protective Order in the ICS proceeding, of the inmate calling services database (the ICS Database) that the Commission staff developed for use in its Rates for Interstate Inmate Calling Services (ICS) proceeding, FCC 20-111, released August 7, 2020, Fourth Further Notice of Proposed Rulemaking (*Fourth FNPRM*). This document also sets forth the requirements individuals must meet in order to obtain a copy of the ICS database.

DATES: The public notice was effective on September 24, 2020.

ADDRESSES: You may submit comments, identified by WC Docket No. 12-375, by any of the following methods:

- *Federal Communications Commission's Website:* <http://apps.fcc.gov/ecfs/>. Follow the instructions for submitting comments.
- *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 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.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701. U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street SW, Washington, DC 20554.

• Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID-19. See FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Policy, Public Notice, DA 20-304 (March 19, 2020). <https://www.fcc.gov/document/fcc-closes-headquarters-open-window-and-changes-hand-delivery-policy>.

People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by email: FCC504@fcc.gov

or phone: 202-418-0530 or TTY: 202-418-0432.

FOR FURTHER INFORMATION CONTACT: Erik Raven-Hansen, Pricing Policy Division of the Wireline Competition Bureau, at (202) 418-1532 or via email at Erik.Raven-Hansen@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's document (Public Notice), DA 20-1128, released on September 24, 2020. The full text of this document is available for public inspection and can be downloaded at <https://docs.fcc.gov/public/attachments/DA-20-1128A1.pdf>. The full text of this document can also be obtained at the following internet address: <https://www.fcc.gov/document/wcb-and-oea-announce-availability-ics-database>.

By the Public Notice, the Wireline Competition Bureau (Bureau) and Office of Economics and Analytics (OEA) announce the availability of the database developed by Commission staff for use in the *Rates for Interstate Inmate Calling Services* proceeding (the ICS Database) under the terms of the *Protective Order* in this proceeding (28 FCC Rcd 16954). The Commission used this ICS Database in developing its rate cap proposals in the recent *2020 ICS Notice*.

The ICS Database contains confidential information submitted to the Commission by providers of calling services for incarcerated individuals, including cost and revenue information that each provider submitted in response to the Commission's Second Mandatory Data Collection. The database also includes geocoding information related to facility locations added by the Commission staff that outside parties might find difficult to replicate. Making this database available will allow interested parties to rely on a common dataset in evaluating and responding to the Commission's rate cap proposals in this proceeding, while ensuring providers remain protected against the unwarranted disclosure of their confidential information.

To request access to the ICS Database, interested individuals must first satisfy the requirements of the *Protective Order*. Under the terms of the *Protective Order*, access to information submitted under a claim of confidentiality is limited to counsel and outside consultants who are not involved in competitive decision-making, who have executed the Acknowledgement of Confidentiality appended to that *Order*, and who meet the other requirements of that *Order*. Individuals who qualify thereunder should contact the Bureau's staff, as set forth below. Before making

the database available, Bureau staff will require each qualified person seeking access to execute a separate Recipient Acknowledgment governing use of the ICS Database, attached hereto. As detailed more fully in the Recipient Acknowledgment, recipients will be obligated to ensure that their copies of the database are not duplicated (whether in full or in part) and that there will be no disclosure of any of the confidential information in the database except as specifically permitted by the *Protective Order*. Any other use of any confidential information contained in the ICS Database will constitute a violation of an order of the Federal Communications Commission.

Federal Communications Commission.

Daniel Kahn,

Associate Bureau Chief, Wireline Competition Bureau.

Recipient Acknowledgment

Rates for Interstate Inmate Calling Services

WC Docket No. 12–375

By signing below, I certify that I am Counsel or Outside Consultant, as such terms are defined in the *Protective Order* in WC Docket No. 12–375. I further certify that I am a signatory of the Acknowledgement of Confidentiality appended to that *Protective Order*, and that I understand it. I acknowledge that I will be receiving instructions that will allow me to download a database (the ICS Database) on which the Commission relied in the *Report and Order on Remand and Fourth Further Notice of Proposed Rulemaking*, FCC 20–111, in this proceeding. I also acknowledge that the ICS Database contains information that is not publicly available and that constitutes Confidential Information under the terms of the *Protective Order*.

I agree that I will download no more than one copy of the Commission's ICS Database and will delete the ICS Database upon completion of this proceeding in accordance with the terms of the *Protective Order*. I acknowledge that it is my obligation to ensure that my copy of the ICS Database is not duplicated (in whole or in part) except as specifically permitted by the terms of the *Protective Order*. I also acknowledge that it is my obligation to ensure that there is no disclosure of any Confidential Information in the ICS Database except as specifically permitted by the terms of the *Protective Order*. I further acknowledge that any use of any Confidential Information contained therein other than as permitted under the terms of the

Protective Order constitutes a violation of an order of the Federal Communications Commission. I further acknowledge that the provisions of the *Protective Order* do not terminate at the conclusion of this proceeding.

I acknowledge that I have read the above paragraph and agree to its terms. I attach a copy of my signed Acknowledgment from the *Protective Order*. I confirm that with regard to Confidential Information, any objection to such Acknowledgment pursuant to the *Protective Order* has been resolved in my favor and the Acknowledgment remains in full force and effect.

Executed this ____ day of ____, 2020.

By: _____

Name: _____

Title: _____

Organization: _____

Party Representing: _____

Telephone: _____

[FR Doc. 2020–22564 Filed 10–19–20; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 300

[Docket No. 201013–0269]

RIN 0648–BG66

International Fisheries; Western and Central Pacific Fisheries for Highly Migratory Species; Requirements to Safeguard Fishery Observers

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

ACTION: Proposed rule; request for comments.

SUMMARY: This proposed rule would establish requirements to safeguard fishery observers and would establish prior notification procedures for observer placement. NMFS seeks comments on this proposed rule issued under authority of the Western and Central Pacific Fisheries Convention Implementation Act (WCPFC Implementation Act). This action is necessary to satisfy the obligations of the United States under the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (Convention), to which it is a Contracting Party.

DATES: Comments on the proposed rule must be submitted in writing by November 19, 2020.

ADDRESSES: You may submit comments on the proposed rule and the regulatory impact review (RIR) prepared for the proposed rule, identified by NOAA–NMFS–2020–0125, by either of the following methods:

- **Electronic submission:** Submit all electronic public comments via the Federal e-Rulemaking Portal.

1. Go to www.regulations.gov/#/docketDetail;D=NOAA-NMFS-2020-0125,

2. Click the “Comment Now!” icon, complete the required fields, and

3. Enter or attach your comments.

- OR -

- **Mail:** Submit written comments to Michael D. Tosatto, Regional Administrator, NMFS, Pacific Islands Regional Office (PIRO), 1845 Wasp Blvd., Building 176, Honolulu, HI 96818.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, might not be considered by NMFS. All comments received are a part of the public record and will generally be posted for public viewing on www.regulations.gov without change. All personal identifying information (e.g., name and address), 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).

An initial regulatory flexibility analysis (IRFA) prepared under authority of the Regulatory Flexibility Act is included in the Classification section of the **SUPPLEMENTARY INFORMATION** section of this document.

Copies of the RIR are available at www.regulations.gov or may be obtained from Michael D. Tosatto, Regional Administrator, NMFS PIRO (see address above).

FOR FURTHER INFORMATION CONTACT: Valerie Post, NMFS PIRO, 808–725–5034.

SUPPLEMENTARY INFORMATION:

Background on the Convention

The Convention focuses on the conservation and management of fisheries for highly migratory species (HMS). The objective of the Convention is to ensure, through effective management, the long-term conservation and sustainable use of HMS in the WCPO. To accomplish this objective, the Convention established the Commission on the Conservation of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean

(WCPFC or Commission), which includes Members, Cooperating Non-members, and Participating Territories (collectively referred to here as “members”). The United States of America is a Member. American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI) are Participating Territories.

As a Contracting Party to the Convention and a Member of the Commission, the United States implements conservation and management measures and other decisions adopted by the Commission. The WCPFC Implementation Act (16 U.S.C. 6901 *et seq.*), authorizes the Secretary of Commerce, in consultation with the Secretary of State and the Secretary of the Department in which the United States Coast Guard is operating (currently the Department of Homeland Security), to promulgate such regulations as may be necessary to carry out the obligations of the United States under the Convention, including the decisions of the Commission. The WCPFC Implementation Act further provides that the Secretary of Commerce shall ensure consistency, to the extent practicable, of fishery management programs administered under the WCPFC Implementation Act and the Magnuson-Stevens Fishery Conservation and Management Act (MSA; 16 U.S.C. 1801 *et seq.*), as well as other specific laws (see 16 U.S.C. 6905(b)). The Secretary of Commerce has delegated the authority to promulgate regulations under the WCPFC Implementation Act to NMFS. A map showing the boundaries of the area of application of the Convention (Convention Area), which comprises the majority of the WCPO, can be found on the WCPFC website at: www.wcpfc.int/doc/convention-area-map.

Background on Conservation and Management Measure (CMM) 2017–03

CMM 2017–03, “Conservation and Management Measure for WCPFC Regional Programme Observers,” was adopted by the Commission to strengthen protections for observers on fishing trips operating under the WCPFC Regional Observer Programme (ROP). This proposed rule would implement provisions of CMM 2017–03. The CMM includes provisions that detail responsibilities for vessel owners and operators, responsibilities for WCPFC members to which fishing vessels are flagged, responsibilities for members that have jurisdiction over ports, and responsibilities for observer providers. These provisions include (1)

provisions for when a WCPFC observer¹ dies, is missing or presumed to have fallen overboard; (2) provisions for when a WCPFC observer suffers from a serious illness or injury that threatens his or her health or safety; and (3) provisions for when there are reasonable grounds to believe a WCPFC observer has been assaulted, intimidated, threatened or harassed.

In the event that a WCPFC observer on a fishing vessel of the United States dies, is missing or presumed fallen overboard, CMM 2017–03 contains a number of requirements for an owner and operator of the fishing vessel to follow including: (1) Immediately cease all fishing operations; (2) immediately commence search and rescue if the observer is missing or presumed fallen overboard; (3) immediately notify the flag state of the vessel; (4) immediately alert other vessels in the vicinity by using all available means of communication; (5) cooperate fully in any search and rescue operation; (6) return the vessel for further investigation to the nearest port whether the search is successful or not; (7) provide a report to the observer provider; (8) cooperate fully in any official investigations; and (9) ensure the body is well preserved if an observer dies.

In the event that a WCPFC observer on a fishing vessel of the United States suffers from a serious illness or injury that threatens his or her health or safety, CMM 2017–03 contains a number of requirements for an owner or operator to follow including: (1) Immediately cease all fishing operations; (2) immediately notify the flag state of the vessel; (3) take all reasonable actions to care for the observer and provide any medical treatment available and possible on board the vessel; (4) facilitate the disembarkation of the observer; and (5) cooperate fully in any investigations into the cause of illness or injury.

In the event that there are reasonable grounds to believe a WCPFC observer on a fishing vessel of the United States has been assaulted, intimidated, threatened, or harassed, CMM 2017–03 contains a number of requirements for an owner and operator of the fishing vessel to follow including: (1) Immediately take action to preserve the safety of the observer and mitigate and resolve the

situation on board; (2) notify the flag state of the vessel and observer provider; (3) facilitate the safe disembarkation where requested; and (4) cooperate fully into any investigations into the incident.

As stated above, CMM 2017–03 applies to WCPFC observers on fishing trips operating under the WCPFC ROP. Paragraph 2 of the CMM also notes that the measure shall not prejudice the rights of members to enforce their laws with respect to the safety of observers consistent with international law.

Under CMM 2017–03, members are to require vessel owners and operators to take specific actions in the event of death, injury, serious illness, or harassment of a WCPFC observer, or when a WCPFC observer is missing or presumed fallen overboard. The requirements relate to vessel operations, notifications to the U.S. government, search and rescue procedures, and investigations. Some of the U.S. obligations are satisfied by existing regulations. Specifically, the United States already requires U.S. vessel owners or operators to notify the U.S. Coast Guard for marine casualties, including the death, loss, or serious injury of an observer. The regulations set forth at 46 CFR 4 specify requirements for notifications, reporting, and investigations of marine casualties. Because these regulations already satisfy the provisions of CMM 2017–03 for cases of death, or serious injury of an observer, or when an observer is missing or presumed fallen overboard, NMFS would not promulgate additional regulations for these instances. Serious injury is defined at 46 CFR 4.05–1 (6) as an injury that requires professional medical treatment (treatment beyond first aid).

This proposed rule would implement the provisions of CMM 2017–03 for cases of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer.

Background on the Observer Notification Scheme

The proposed rule would also implement specific prior notification procedures related to WCPFC observers that vessel owners and operators of U.S. vessels fishing for HMS in the Convention Area would need to follow.

Currently, U.S. commercial vessels fishing for HMS in the Convention Area provide prior notification only to obtain WCPFC observers for fishing trips when transshipments will be conducted at sea in the Convention Area (see 50 CFR 300.215(b)). Notifications must be provided at least 72 hours (exclusive of weekends and Federal holidays) before

¹ A WCPFC observer is a person authorized by the Commission in accordance with any procedures established by the Commission to undertake vessel observer duties as part of the Commission's ROP, including an observer deployed as part of a NMFS-administered observer program or as part of another national or sub-regional observer program, provided that such program is authorized by the Commission to be part of the Commission's ROP (see 50 CFR 300.211).

the vessel leaves port on the fishing trip and must include specific information. This requirement does not apply to U.S. purse seine vessels; U.S. purse seine vessels are prohibited from conducting at-sea transshipments (see 50 CFR 300.216(b)). However, U.S. purse seine vessels are required to carry WCPFC observers on all fishing trips within the Convention Area, unless the fishing trip takes place exclusively in the jurisdiction of a single nation other than the United States or unless no fishing occurs between 20° N latitude and 20° S latitude (50 CFR 300.223(e)).

Pursuant to the South Pacific Tuna Treaty (SPTT) and through a separate contractual agreement between the American Tunaboat Association and the Pacific Islands Forum Fisheries Agency (FFA), U.S. purse seine vessels carry observers deployed by the FFA Observer Program. FFA observers are authorized WCPFC observers, are nationals of Pacific island countries, and are at present the only observers placed on U.S. purse seine vessels operating in the Convention Area. Currently, NMFS coordinates with FFA and places WCPFC observers on U.S. purse seine vessels departing from American Samoa. NMFS also collects information required for nominating WCPFC and Inter-American Tropical Tuna Commission (IATTC) cross-endorsed observers² for U.S. purse seine vessels intending to operate in both RFMOs on a single trip.

After reviewing the current administrative process regarding FFA observer placements on U.S. purse seine vessels under the WCPFC and SPTT, NMFS believes that prior notification by U.S. purse seine vessel owners and operators of their request for a WCPFC observer is needed to facilitate observer placement for trips departing from American Samoa. NMFS believes that a request for a WCPFC observer, including cross-endorsed observers, for a U.S. purse seine vessel departing from American Samoa should provide sufficient time for NMFS to complete the necessary administrative tasks, including coordinating international logistics for FFA observers traveling from other Pacific islands to American Samoa. NMFS proposes such observer requests be made at least five business days prior to the expected departure date from American Samoa.

Although the U.S. purse seine fleet is the only U.S. fleet that uses cross-

endorsed observers, other fleets, such as the U.S. longline or albacore troll fleets that also operate in the Convention Area and the IATTC's area of competence (IATTC Area), could request the placement of a cross-endorsed observer for trips that take place in both the Convention Area and the IATTC Area in the future. To date, no requests for cross-endorsed observers have been received from U.S. longline or albacore troll vessels. NMFS believes that notification requesting cross-endorsed observers for vessels of all gear types commercially fishing for HMS would aid in efficient placement of cross-endorsed observers as it would allow time for NMFS to complete the appropriate administrative steps, and notify the Secretariats for the WCPFC and IATTC of the placement prior to departure. As previously discussed in the context of purse seine vessels, NMFS believes that receiving notice of the need for a cross-endorsed observer for vessels of all gear types at least five business days prior to the expected departure date of the vessel on a fishing trip would be appropriate, as travel arrangements may need to be made if a cross-endorsed observer is not located at the port of departure.

Proposed Action

The specific elements of the proposed rule are detailed below.

1. Observer Safety Requirements

This proposed rule would implement specific requirements for vessel owners and operators to help ensure the safety of WCPFC observers. CMM 2017-03 describes requirements for vessel owners and operators specifically related to vessel operations, notification, search and rescue procedures, and investigations in the event of death, injury, serious illness, missing overboard, or harassment of a WCPFC observer.

NMFS is not proposing additional regulations in the event of death, loss or serious injury as they would be duplicative of U.S. Coast Guard regulations on marine casualty incidents at 46 CFR 4.

Under the proposed rule, vessel owners and operators would be required to notify the designated authorities as specified by the Regional Administrator at <https://www.fisheries.noaa.gov/pacific-islands/commercial-fishing/western-and-central-pacific-longline-and-purse-seine-vessels> in the event of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer. NMFS plans to create a website that would provide specific contact information of the designated

authorities, including emails and phone numbers. At this time, NMFS has identified the observer provider and NOAA Office of Law Enforcement Pacific Islands Division Duty Officer as contacts in the event of serious assault, intimidation, threats, interference or harassment of a WCPFC observer, and the NOAA Office of Law Enforcement in the event of serious illness. Any changes or updates to these contacts will be posted on the website. Owners and operators would be required to immediately notify the contacts of the situation and the status and location of the observer.

NMFS notes that the nearest U.S. Coast Guard office would be the point of contact for emergency situations that would necessitate an immediate U.S. Coast Guard search and rescue, or law enforcement response. NMFS does not maintain a 24-hour hotline to handle such emergencies. Thus, in emergency situations that need an immediate response, vessel owners and operators are encouraged to contact the nearest U.S. Coast Guard Rescue Coordination Center (RCC) that can help coordinate with the closest Search and Rescue (SAR) facility in the area of the vessel: <https://www.dco.uscg.mil/Our-Organization/Assistant-Commandant-for-Response-Policy-CG-5R/Office-of-Incident-Management-Preparedness-CG-5RI/US-Coast-Guard-Office-of-Search-and-Rescue-CG-SAR/RCC-Numbers/>.

In addition, under the proposed rule, the vessel owner or operator would be required to follow certain procedures in the event of serious illness, assault, intimidation, threats, interference or harassment of a WCPFC observer. The rule would require that, in these cases, the owner or operator of the fishing vessel must: (1) Immediately cease fishing operations; (2) take all reasonable actions to care for the observer and provide any medical treatment available and possible on board the vessel; (3) where directed by the observer provider, if not already directed by the appropriate U.S. government contact, facilitate the disembarkation and transport of the observer to a medical facility equipped to provide the required care, as soon as practicable; and (4) cooperate fully in any official investigations into the cause of the illness. The proposed rule would specify that the owner or operator of the fishing vessel must "immediately cease fishing operations." NMFS anticipates that there may be circumstances where "immediately cease" could allow for gear to be retrieved and NMFS does not encourage abandoning fishing gear. Although a vessel is required to immediately cease fishing operations,

² A cross-endorsed observer is an observer that is "cross-endorsed" pursuant to a Memorandum of Cooperation between the WCPFC and the IATTC that specifies a process to allow the observer to meet the observer requirements of both organizations.

this rule would not prohibit reasonable steps to recover gear and catch, if appropriate under the circumstances.

2. Prior Notification Procedures for Vessels Requiring a WCPFC Observer

For placement of WCPFC observers on U.S. purse seine vessels when departing from American Samoa and for placement of cross-endorsed observers on U.S. purse seine vessels when requested, NMFS proposes requiring U.S. purse seine vessel owners and operators to submit such requests at least five business days before expected departure. The WCPFC observer request would need to provide the name of the vessel, name of the operator of the vessel, telephone number or email at which the owner or operator may be contacted, intended departure date, intended port of departure, and whether the owner or operator requests a WCPFC-IATTC cross-endorsed observer. NMFS also proposes requiring all other U.S. commercial fishing vessels fishing for HMS in the Convention Area to submit WCPFC-IATTC cross-endorsed observer requests at least five business days before departure. The request would need to provide the name of the vessel, name of the operator of the vessel, a telephone number or email at which the owner or operator may be contacted, expected departure date, intended port of departure and identify the need for a WCPFC-IATTC cross-endorsed observer.

Classification

The Administrator, Pacific Islands Region, NMFS, has determined that this proposed rule is consistent with the WCPFC Implementation Act and other applicable laws, subject to further consideration after public comment.

Coastal Zone Management Act (CZMA)

NMFS determined that this action is consistent to the maximum extent practicable with the enforceable policies of the approved coastal management program of American Samoa, the CNMI, Guam, and the State of Hawaii. NMFS submitted determinations to Hawaii and each of the Territories on March 16, 2020, for review by the responsible state and territorial agencies under section 307 of the CZMA. Hawaii replied by letter dated March 19, 2020, stating that, because the proposed rule is outside of the jurisdiction of the Hawaii Coastal Zone Management Program's enforceable policies, it would not be responding to the consistency determination. The CNMI replied by letter dated May 12, 2020, stating that based on the information provided, it has determined that the action will be

undertaken in a manner that is consistent to the maximum extent practicable with the enforceable policies of the CNMI's coastal management program. Guam replied by letter dated May 27, 2020, stating that based on the information provided, it has determined that the action will be consistent with the enforceable policies of Guam's Coastal Management Program. No response was received from American Samoa, and thus, concurrence with the respective consistency determinations is presumed (15 CFR 930.41).

Executive Order 12866

This proposed rule has been determined to be not significant for purposes of Executive Order 12866. This proposed rule is not expected to be an Executive Order 13771 regulatory action because this proposed rule is not significant under Executive Order 12866.

Regulatory Flexibility Act (RFA)

An initial regulatory flexibility analysis (IRFA) was prepared, as required by section 603 of the 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** section of the preamble. The analysis follows:

Estimated Number of Small Entities Affected

For RFA purposes only, NMFS has established a small business size standard for businesses, including their affiliates, whose primary industry is commercial fishing (50 CFR 200.2). A business primarily engaged in commercial fishing (NAICS code 114111) is classified as a small business if it is independently owned and operated, is not dominant in its field of operation (including its affiliates), and has combined annual receipts not in excess of \$11 million for all its affiliated operations worldwide.

The proposed rule would apply to owners and operators of U.S. commercial fishing vessels that fish for HMS in the Convention Area that: (1) Carry a WCPFC Observer or (2) purse seine for HMS in the Convention Area. This includes vessels in the purse seine, longline, and albacore troll fleets. The estimated number of affected fishing vessels is as follows based on the number of vessels on the WCPFC Record of Fishing Vessels as of March 25, 2020: 26 Purse seine vessels, 168 longline vessels, and 12 albacore troll vessels. Thus, the total estimated number of commercial fishing vessels

that would be subject to the rule is 206. The purse seine vessels operating in the Convention Area generally land in American Samoa and other ports in Pacific Islands, the longline vessels operating in the Convention Area generally land in American Samoa and Hawaii, and the albacore troll vessels operating in the Convention Area generally land their catch in California, Oregon, Washington or Canada.

Based on (limited) financial information about the affected fishing fleets, and using individual vessels as proxies for individual businesses, NMFS believes that all the affected fish harvesting businesses in all the fleets, except the purse seine fleet, are small entities as defined by the RFA; that is, they are independently owned and operated and not dominant in their fields of operation, and have annual receipts of no more than \$11.0 million. Within the purse seine fleet, analysis of average revenue, by vessel, for 2017–2019 reveals that average fleet revenue was \$8,890,000 (NMFS unpublished data combined with price data from <https://www.ffa.int/node/425> and <https://www.wcpfc.int/node/46580> accessed on July 27, 2020); however, 17 participating vessels qualified as small entities with their average of the most recent three years of vessel revenue for which data is available of less than \$11 million. Within the Hawaii based longline fleet, an average of 146 vessels recorded landings during 2017–2019 with a average vessel revenue of approximately \$828,000 per vessel (estimate calculated using data from the 2019 Pelagic Fishery Ecosystem Plan Stock Assessment and Fishery Evaluation Report and Annual Reports of the Hawaii Longline Fishery). For the American Samoa based longline fleet, an average of 15 vessels recorded landings during 2017–2019 with average vessel revenue of approximately \$339,000 per vessel (estimate calculated using data from the 2019 Pelagic Fishery Ecosystem Plan Stock Assessment and Fishery Evaluation Report and Annual Reports of the American Samoa Longline Fishery). None of the other potentially directly regulated fishing sectors had total fishery revenue of all vessels combined that exceeded the small entity threshold.

Recordkeeping, Reporting, and Other Compliance Requirements

The reporting, recordkeeping and other compliance requirements of this proposed rule are described earlier in the preamble. The classes of small entities subject to the requirements and the types of professional skills necessary to fulfill the requirements are as follows:

(1) *Reporting requirements when carrying a WCPFC observer:* This requirement is part of a proposed collection of information subject to approval by the Office of Management and Budget (OMB) under the PRA. It would apply to about 199 small business entities, (derived from subtracting the seven vessels that do not qualify as small business entities from 206, the number of fishing vessels affected by this rule as estimated from vessels with WCPFC area endorsements). Complying would require that owners and operators of purse seine, longline and troll vessels to contact NMFS in the event of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer. NMFS estimates the cost of compliance as the cost of a five minute phone call though the cost of compliance could vary depending on the directions given by NMFS. NMFS cannot project how many calls would occur, but from 2015–2019, NOAA Office of Law Enforcement charged a total of six cases of harassment against purse seine and longline vessels in the Pacific Islands Region. Thus, NMFS expects events of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer to occur very rarely (average of one per year) and thus the cost of reporting to be very small. The Commission has indefinitely deferred implementation of placing WCPFC observers on troll vessels, and for the foreseeable future, NMFS does not believe that this requirement would add any new compliance costs for troll vessels. If the Commission were to change its position on placing WCPFC observers on troll vessels, troll operators may incur compliance costs similar to those described above. Fulfillment of this requirement is not expected to require any professional skills that the vessel owners and operators do not already possess.

(2) *Requirement to ensure observer safety:* This requirement is outside of the proposed collection of information under the PRA. In the event of serious illness, assault, intimidation, threats, interference or harassment of a WCPFC observer, the proposed rule would require the owner or operator of the fishing vessel to: (1) Immediately cease fishing operations; (2) take all reasonable actions to care for the observer and provide any medical treatment available and possible on board the vessel; (3) where directed by the observer provider, if not already directed by the appropriate U.S. government contact, facilitate the

disembarkation and transport of the observer to a medical facility equipped to provide the required care, as soon as practicable; and (4) cooperate fully in any official investigations into the cause of the illness. NMFS cannot project how often this would occur, but anticipates these events to occur rarely. As mentioned above, NOAA Office of Law Enforcement has charged six cases of harassment against purse seine and longline vessels over 2015–2019 in the Pacific Islands Region, which equates to approximately one per year. If such an event does occur, the impacts could vary depending on when the event occurs and what foregone opportunity is lost. For illustrative purposes, the average gross revenue of a U.S. purse seine fishing trip from 2017–2019 was a little under \$1.4 million per trip (calculated by multiplying Bangkok fish prices by average catch per trip using NMFS data) so if an event occurred near the start of a fishing trip, the vessel could potentially forgo much of that revenue along with any trip costs already incurred. For U.S. longline vessels the average gross revenue from 2017–2019 (calculated using nominal revenue and trip information from the 2019 Pelagic Fishery Ecosystem Plan Stock Assessment and Fishery Evaluation Report) was around \$664,000 per Hawaii-based deep-set trip, \$64,000 per Hawaii-based shallow-set trip, and \$39,000 per American Samoa-based trip so if an event occurred near the start of a fishing trip, the vessel could potentially forgo much of that revenue along with any trip costs already incurred.

(3) *Notification requesting a WCPFC Observer:* This requirement is part of a proposed collection of information subject to approval by OMB under the PRA. It would apply to about 199 small business entities. Vessels are already required to provide notification prior to trip departure if they intend to transship at sea, and this proposed requirement would expand notification requirements to all vessels requesting a WCPFC–IATTC cross-endorsed observer and to purse seine vessels requesting a WCPFC observer and departing from American Samoa. Longline vessels are already required to notify NMFS at least 72 hours before departure on a fishing trip, and this requirement would not add any new compliance costs for those vessels. The additional 48 hours advanced notice might reduce operational flexibility for longline vessels, but to date, there have been no requests from longliners for WCPFC–IATTC cross-endorsed observers, so this would be expected to occur very rarely if at all.

The WCPFC has indefinitely deferred implementation of placing ROP observers on troll vessels, and for the foreseeable future, NMFS does not believe that this requirement would add any new compliance costs for troll vessels. If the WCPFC were to change its position on placing ROP observers on troll vessels, troll operators may incur minor compliance costs similar to those outlined below for purse seine vessels.

The proposed requirement may result in compliance costs for vessels requesting a WCPFC–IATTC cross-endorsed observer. It is estimated that each pre-trip notification would require 1 minute of labor and about \$1 in communication costs. The value of the required labor is estimated to be \$24.42 per hour. The estimated cost of compliance is less than \$2 per notification. The number of pre-trip notifications for a cross-endorsed observer cannot be predicted with any certainty, but for the purpose of this analysis, each vessel is expected to make 0.23 pre-trip notifications per year requesting a WCPFC–IATTC cross-endorsed observer (estimate based on the average number of WCPFC–IATTC notifications NMFS made in 2018–2019 divided by 221, the number of potential respondents including (1) 40 purse seine vessels, which is the maximum number of licenses available under the South Pacific Tuna Treaty; (2) 164 longline vessels, which is the maximum number of Hawaii longline limited entry permits available; and (3) 17 troll vessels, which is the maximum number of West Coast-based albacore vessels that fished in the Convention Area in any one year from 2016–2019). The estimated cost of compliance for all vessels is expected to be \$70.35 for 50 pre-trip notifications requesting a WCPFC–IATTC cross-endorsed observer per year.

The proposed requirement may also result in compliance costs for purse seine vessels requesting a WCPFC observer when departing from American Samoa. It is estimated that each notification would require 1 minute of labor and about \$1 in communication costs. The value of the required labor is estimated to be \$24.42 per hour. The estimated cost of compliance is less than \$2 per notification. The number of requests and notifications cannot be predicted with any certainty, but for the purpose of this analysis, each purse seine vessel is expected to make 2.34 requests or notifications per year related to WCPFC observers (estimate based on the average number of trips per year from 2014–2018 divided by 40, the number of potential respondents). The estimated cost of compliance is

therefore expected to be \$3.29 for a vessel that makes 2.34 pre-trip notifications per year.

Duplicating, Overlapping, and Conflicting Federal Regulations

NMFS has identified Federal regulations that could overlap with the proposed rule for each of its two elements:

(1) Observer Safety

As mentioned above, the U.S. Coast Guard has regulations at 46 CFR part 4 relating to marine casualties. This proposed regulation would implement the requirements of CMM 2017–03 that are not marine casualties covered by the existing U.S. Coast Guard regulations.

IATTC adopted Resolution C 18–07 on Observer Safety, and NMFS published a final rule on May 18, 2020 (85 FR 29666) related to observer safety notification for observers on vessels that are on fishing trips in the IATTC Area. The regulations in the proposed rule and the regulations applicable to the IATTC Area would apply to WCPFC observers that are on vessels that are fishing in the IATTC Area, such as WCPFC observers that are also cross-endorsed observers. In this case, there would be overlapping regulations, but NMFS intends to ensure consistency in the contacts for the observer safety notification such that both requirements would be satisfied with one notification.

(2) Notification To Request Observer

Vessels with a Hawaii or American Samoa longline limited access permit are required at 50 CFR 665.803 to notify NMFS at least 72 hours (excluding weekends and Federal holidays) before the vessel leaves port on a fishing trip wherein any part occurs in the U.S. exclusive economic zone around the Hawaiian Archipelago or American Samoa. Purse seine vessels operating in the Eastern Pacific Ocean are also required at 50 CFR 216.24 to notify NMFS or the IATTC contact designated by NMFS at least five days before the vessel leaves port for observer placement reasons. This regulation potentially overlaps with the proposed regulation for those trips that include a request for placement of a cross-endorsed observer.

Alternatives to the Proposed Rule

NMFS has not been able to identify any alternatives that would minimize any significant economic impact of the proposed rule on small entities. The alternative of taking no action at all was rejected because it would be inconsistent with the United States' obligations under the Convention. As a

Contracting Party to the Convention, the United States is required to implement the decisions of the WCPFC.

Consequently, NMFS has limited discretion as to how to implement those decisions.

Paperwork Reduction Act

This proposed rule contains a collection-of-information requirement subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA). This rule revises the existing requirements for the collection of information 0648–0649, “Transshipment Requirements Under the WCPFC” by requiring reporting in the event of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer on purse seine vessels and troll vessels as well as requiring pre-trip notifications for purse seine vessels requesting a purse seine observer and departing from American Samoa, and requiring pre-trip notifications for vessels requesting a WCPFC–IATTC cross endorsed observer. Notifications related to observer safety on purse seine vessels and troll vessels are expected to be rare, and the public burden is estimated to average five minutes per reporting incident. NMFS estimates that the public reporting burden would be one minute for pre-trip notifications for purse seine vessels requesting a WCPFC observer and departing from American Samoa and one minute for pre-trip notifications for vessel requesting a WCPFC–IATTC cross endorsed observer.

NMFS is also revising the existing requirements for the collection of information 0648–0214, “Pacific Islands Region Logbook Family of Forms” by requiring reporting in the event of serious illness, assault, intimidation, threats, interference, or harassment of a WCPFC observer on longline vessels. Notifications related to observer safety on longline vessels are expected to be rare, and the public burden is estimated to average five minutes per reporting incident.

NMFS requests any comments on the PRA requirements under this proposed rule, including whether the paperwork would unnecessarily burden any vessel owners and operators. Public comment is sought regarding: Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; the accuracy of the burden estimate; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to

minimize the burden of the collection of information, including through the use of automated collection techniques or other forms of information technology. Send comments on these or any other aspects of the collection of information to the **ADDRESSES** above, and by email to www.reginfo.gov/public/do/PRAMain.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a 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 300

Administrative practice and procedure, Fish, Fisheries, Fishing, Marine resources, Reporting and recordkeeping requirements, Treaties.

Dated: October 14, 2020.

Samuel D. Rauch III,

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

For the reasons set out in the preamble, 50 CFR part 300 is proposed to be amended as follows:

PART 300—INTERNATIONAL FISHERIES REGULATIONS

Subpart O—Western and Central Pacific Fisheries for Highly Migratory Species

■ 1. The authority citation for 50 CFR part 300, subpart O, continues to read as follows:

Authority: 16 U.S.C. 6901 *et seq.*

■ 2. In § 300.211, add a definition for “WCPFC–IATTC cross-endorsed observer” in alphabetical order to read as follows:

§ 300.211 Definitions.

* * * * *

WCPFC–IATTC cross-endorsed observer means an observer who is “cross endorsed” pursuant to a Memorandum of Cooperation between the Commission and the Inter-American Tropical Tuna Commission that specifies a process to allow the observer to meet the observer requirements of both organizations.

* * * * *

■ 3. In § 300.215, revise paragraph (b) and add paragraph (f) to read as follows:

§ 300.215 Observers.

* * * * *

(b) *Notifications.* (1) If a fishing vessel of the United States used for commercial fishing for HMS in the Convention Area intends to conduct transshipments at sea, the owner or operator of that fishing vessel is required to carry a WCPFC observer under paragraph (d) of this section during the fishing trip and shall notify the Pacific Islands Regional Administrator of the need for a WCPFC observer at least 72 hours (exclusive of weekends and Federal holidays) before the vessel leaves port on the fishing trip. The notice shall be provided to the Observer Placement Contact specified by the Pacific Islands Regional Administrator and must include the official number of the vessel, the name of the vessel, the expected departure date, time, and location, the name of the operator of the vessel, and a telephone number at which the owner, operator, or a designated agent may be contacted during the business day (8 a.m. to 5 p.m. Hawaii Standard Time). If applicable, this notice may be provided in conjunction with the notice required under § 665.803(a) of this title.

(2) In order to obtain a WCPFC–IATTC cross-endorsed observer for a particular fishing trip, the owner or operator of a fishing vessel of the United States that is used for commercial fishing for HMS in the Convention Area shall provide the Pacific Islands Regional Administrator with the following information at least five days (exclusive of weekends and Federal holidays) before the vessel leaves port on the fishing trip: The name of the vessel; name of the operator of the vessel; a telephone number or email at which the owner or operator may be contacted; expected departure date; intended port of departure; and that the owner or operator requests a WCPFC–IATTC cross-endorsed observer. This information shall be provided to the address specified by the Pacific Islands Regional Administrator and may be provided in conjunction with the notice required under § 216.24(b)(8)(iv)(A) of this title, if applicable.

(3) In order to obtain a WCPFC observer on a fishing trip departing from American Samoa, the owner or operator of a fishing vessel of the United States equipped with purse seine gear shall provide the Pacific Islands Regional Administrator with the following information at least five days (exclusive of weekends and Federal holidays) before the vessel leaves port on the fishing trip: The name of the vessel; name of the operator of the vessel a telephone number or email at which the owner or operator may be contacted expected departure date; intended port

of departure and; whether the owner or operator requests a WCPFC–IATTC cross-endorsed observer. This information shall be provided to the address specified by the Pacific Islands Regional Administrator and may be provided in conjunction with the information required under § 300.215(b)(2) of this title.

(f) *Observer safety.* The following requirements apply when a WCPFC observer is on a fishing trip operating under the Commission's Regional Observer Program.

(1) The owner or operator of a fishing vessel of the United States shall immediately report the serious illness that threatens the health or safety of a WCPFC observer to the U.S government contact on the list provided by the Pacific Islands Regional Administrator at <https://www.fisheries.noaa.gov/pacific-islands/commercial-fishing/western-and-central-pacific-longline-and-purse-seine-vessels>. In addition, the owner or operator of the fishing vessel must:

(i) Immediately cease fishing operations;

(ii) Take all reasonable actions to care for the observer and provide any medical treatment available and possible on board the vessel, and where appropriate seek external medical advice;

(iii) Where directed by the observer provider, if not already directed by the appropriate U.S. government contact, facilitate the disembarkation and transport of the observer to a medical facility equipped to provide the required care, as soon as practicable; and

(iv) Cooperate fully in any official investigations into the cause of the illness.

(2) In the event that a WCPFC observer on a fishing vessel of the United States has been assaulted, intimidated, threatened or harassed, the owner or operator of the fishing vessel shall immediately notify the U.S. government contact and observer program contact on the list provided by the Pacific Islands Regional Administrator at <https://www.fisheries.noaa.gov/pacific-islands/commercial-fishing/western-and-central-pacific-longline-and-purse-seine-vessels> of the situation and the status and location of the observer. In addition, the owner or operator of the fishing vessel must:

(i) Immediately take action to preserve the safety of the observer and mitigate and resolve the situation on board;

(ii) If the observer or the observer provider indicate that they wish to be

removed from the vessel, facilitate the safe disembarkation of the observer in a manner and place, as agreed by the observer provider and a U.S. government contact, that facilitates access to any needed medical treatment; and

(iii) Cooperate fully in any official investigations into the incident.

■ 4. In § 300.222, add paragraph (yy) to read as follows:

§ 300.222 Prohibitions.

* * * * *

(yy) Fail to comply with the observer safety requirements in § 300.215(f).

[FR Doc. 2020–23162 Filed 10–19–20; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 660

[Docket No. 200929–0258]

RIN 0648–BJ50

Magnuson-Stevens Act Provisions; Fisheries Off West Coast States; Pacific Coast Groundfish Fishery; Salmon Bycatch Minimization

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

ACTION: Proposed rule, request for comments.

SUMMARY: This rule proposes salmon bycatch minimization measures to minimize incidental take of Endangered Species Act-listed salmon by vessels in the Pacific Coast groundfish fishery. The proposed rule would establish additional management tools to minimize incidental Chinook and coho salmon bycatch to keep fishery sectors within guidelines, establish rules to allow industry to access the Chinook salmon bycatch reserve, and create Chinook salmon bycatch closure thresholds for the trawl fishery. This proposed rule fulfills the terms and conditions of a 2017 National Marine Fisheries Service Biological Opinion. This proposed rule is intended to promote the goals and objectives of the Magnuson-Stevens Fishery Conservation and Management Act, the Pacific Coast Groundfish Fishery Management Plan, and other applicable laws, including the Endangered Species Act.

DATES: Comments must be received by November 19, 2020.

ADDRESSES: Submit your comments, identified by FDMS Docket Number NOAA–NMFS–2019–0147, by either of the following methods:

- *Federal e-Rulemaking Portal:* Go to www.regulations.gov/#!/docketDetail;D=NOAA-NMFS-2019-0147, click the “Comment Now!” icon, complete the required fields, and enter or attach your comments.

- *Mail:* Submit written comments to Barry A. Thom, Regional Administrator, West Coast Region, NMFS, 7600 Sand Point Way NE, Seattle, WA 98115–0070. Attn: Brian Hooper.

Instructions: NMFS may not consider comments if they are sent by any other method, to any other address or individual, or received after the comment period ends. All comments received are a part of the public record and NMFS will post 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 is publicly accessible. NMFS will accept anonymous comments (enter “N/A” in the required fields if you wish to remain anonymous).

Written comments regarding the burden-hour estimates or other aspects of the collection-of-information requirements contained in this proposed rule may be submitted to Barry A. Thom, Regional Administrator, West Coast Region, NMFS, 7600 Sand Point Way NE, Seattle, WA 98115–0070. Attn: Brian Hooper and by submitting comments to www.reginfo.gov/public/do/PRAMain.

Electronic Access

This rule is accessible via the Office of the Federal Register website at <https://www.federalregister.gov/>. Background information and documents, including a Regulatory Impact Review/Initial Regulatory Flexibility Analysis (Analysis), which addresses the statutory requirements of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), Presidential Executive Order 12866, and the Regulatory Flexibility Act, are available at the NMFS West Coast Region website at <https://www.fisheries.noaa.gov/region/west-coast> and at the Pacific Fishery Management Council’s website at <http://www.pcouncil.org>.

FOR FURTHER INFORMATION CONTACT: Brian Hooper, phone: (206) 526–6117, or email: brian.hooper@noaa.gov.

SUPPLEMENTARY INFORMATION:

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I. Background and Need for Action

The purpose of this proposed rule is to minimize interactions between Endangered Species Act (ESA)-listed salmon species and Pacific Coast groundfish fishing gear. On the West Coast, vessels fishing under the Pacific Coast Groundfish Fishery Management Plan (FMP) use gear types (e.g., midwater and bottom trawl, fixed gear, and hook-and-line) that interact with listed Evolutionary Significant Units (ESUs) of coho and Chinook salmon. The seasonality and geographic extent, including fishing depth and north/south distribution of the different target strategies and gear types, result in different direct effects on different ESUs of these salmonids.

In January 2013, NMFS reinitiated ESA section 7 consultation for listed salmonids to address changes in the groundfish fishery, including the trawl rationalization program and the emerging midwater trawl fishery targeting species other than Pacific whiting. In October 2014, before the consultation was complete, the whiting fishery exceeded the incidental take limit established in the 2006 NMFS Biological Opinion (Consultation Number: 2006/00754), a second trigger for reinitiation. To better understand the implications of the changes in management framework and the effects on listed salmonids of all fishing under the FMP in the reinitiated consultation, NMFS conferred with the Pacific Fishery Management Council (Council), its advisory bodies, and the public over the next few years.

On December 11, 2017, NMFS issued its Biological Opinion on the impact of

the NMFS authorization of the groundfish fishery on ESA-listed salmonids (see **ADDRESSES** for electronic access information). The Incidental Take Statement (ITS) in the Biological Opinion sets forth terms and conditions. Compliance with those terms and conditions provides an exemption to the prohibition on take of listed species in Section 9 of the ESA. The components of the Biological Opinion are summarized in the proposed rule for 2019–20 Pacific Coast groundfish harvest specifications and management measures (83 FR 47416; September 19, 2018). NMFS and the Council addressed a number of ITS terms and conditions in the final rule for 2019–20 Pacific Coast groundfish harvest specifications and management measures (83 FR 63970; December 12, 2018).

To address the remaining terms and conditions (2.b and 3.a), the Council was to consider developing new incidental salmon bycatch mitigation tools to allow for timely inseason management to keep sectors from exceeding their salmon bycatch guidelines (term and condition 2.b). If the Council determined additional management measures were needed to allow for timely inseason management of salmon bycatch guidelines, the Council would recommend these management measures to NMFS within a three-year period after the date of the Biological Opinion. The Council and NMFS would also develop and implement regulations regarding the Chinook salmon bycatch reserve and its use (term and condition 3.a).

The Council evaluated the Biological Opinion and analyzed an action to amend the regulations implementing the FMP to address ESA-listed salmon bycatch in the fishery at its November 2018, April 2019, September 2019, and November 2019 meetings. The Council recommended a preferred alternative at its September 2019 meeting and took final action in November 2019. The Council deemed the proposed regulations consistent with and necessary to implement this action in a June 2, 2020, letter from Council Chairman Phil Anderson to NMFS Regional Administrator Barry Thom. NMFS proposes amendments to the regulations for the Pacific Coast groundfish fishery at 50 CFR 660 through this proposed rule to incorporate the Council’s recommendation and implement the terms and conditions set forth in the 2017 NMFS Biological Opinion.

II. Description of Existing Salmon Bycatch Management in the Pacific Coast Groundfish Fishery

For purpose of analysis in the Biological Opinion, NMFS divided the groundfish fishery into two groups or “sectors” for the purposes of estimating and analyzing ESA-listed salmon bycatch. This rule will refer to these groups as the whiting sector and non-whiting sector. The whiting sector includes the tribal and non-tribal vessels in the mothership (MS) Coop Program, Catcher/processor (C/P) Coop Program, and Pacific whiting Shorebased individual fishing quota (IFQ) fishery. In this rule, the MS Coop Program, the C/P Coop Program and the Pacific whiting IFQ fishery are referred to as “components” of the whiting sector. The non-whiting sector includes tribal and non-tribal vessels in the Shoreside trawl, fixed gear, and recreational fisheries that are not accounted for in pre-season salmon modeling. The recreational fisheries not accounted for in pre-season salmon modeling are those occurring outside of the open salmon seasons and the Oregon longleader fishery.

NMFS currently manages Chinook salmon bycatch to guidelines of 11,000 fish for the whiting sector, and 5,500 fish for the non-whiting sector. Fishery sectors may access a 3,500 Chinook salmon bycatch “reserve” upon reaching their Chinook bycatch guideline (described further in Section IV). NMFS automatically closes all groundfish fisheries once the guidelines plus the reserve are reached (*i.e.*, a total of 20,000 Chinook salmon are caught as bycatch). For accounting purposes, Chinook salmon bycatch accrues to either the whiting sector or non-whiting sector. NMFS monitors Chinook salmon bycatch inseason and will (1) close the whiting sector if that sector catches its guideline limit and the full reserve amount, (2) close the non-whiting sector if that sector catches its guideline limit and the full reserve amount, or (3) close either the whiting or non-whiting sector if either sector reaches its guideline limit when the other sector has already taken the reserve amount (83 FR 63970; December 12, 2018). The bycatch guidelines and reserve are summarized in Table 1.

TABLE 1—CHINOOK SALMON BYCATCH GUIDELINES AND RESERVE

	Number of Chinook salmon
Whiting sector guideline	11,000
Non-whiting sector guideline	5,500

TABLE 1—CHINOOK SALMON BYCATCH GUIDELINES AND RESERVE—Continued

	Number of Chinook salmon
Reserve	3,500
Total for all groundfish fisheries (guidelines + reserve)	20,000

NMFS previously established two tools to manage Chinook and coho salmon bycatch in the groundfish fishery through prior rulemakings. These two tools are a Bycatch Reduction Area (BRA) for midwater trawl vessels at the 200-fathom (fm) (366-meter (m)) depth contour (83 FR 63970, December 12, 2018), and Block Area Closures (BACs) for bottom trawl vessels from shore to the 250-fm (457-m) depth contour (84 FR 63966, November 19, 2019). The BRA is a coastwide closure from 3nm out to the 200-fm (366-m). BACs are set using depth contour approximations and latitude lines in regulation at 50 CFR 660.71 through 660.74, and are more targeted area closures to minimize salmon bycatch and potential economic losses. Additional details about BACs are presented in Section IV. The Council may recommend NMFS implement BRAs and BACs to minimize salmon bycatch through routine management measures. Most trip, bag, and size limits, and some Groundfish Conservation Area closures in the groundfish fishery, including BRAs and BACs, have been designated “routine” management measures in the Pacific Coast Groundfish FMP. The Council can use routine management measures to rapidly implement or modify these management measures through a single Council meeting process. Inseason changes to routine management measures are announced in the **Federal Register** pursuant to the requirements of the Administrative Procedures Act. BRAs and BACs are effective at the times and areas stated in the **Federal Register**. NMFS also disseminates the boundaries and duration of the BRA or BAC through public notices and postings on the West Coast Region website (see **ADDRESSES** for electronic access information).

III. Proposed Additional Management Tools To Minimize ESA-Listed Salmon Bycatch

This rule proposes additional management tools beyond BRAs and existing BACs to minimize incidental

Chinook and coho salmon bycatch to keep fishery sectors within guidelines. These additional tools include: (1) BACs for midwater trawl fisheries; (2) an extension of BACs seaward of the 250-fm (457-m) depth contour for bottom trawl fisheries; and (3) a selective flatfish trawl (SFFT) gear requirement for bottom trawl vessels. These additional management tools apply only to non-tribal fisheries. NMFS expects the tribes may implement area management measures to minimize salmon bycatch, if necessary.

A. Block Area Closures for Midwater Trawl Fisheries

This proposed rule would make BACs available as a routine management measure to minimize salmon bycatch in the midwater trawl fisheries in the whiting and non-whiting sectors and prevent bycatch from exceeding the guidelines. BACs are size variable spatial closures bounded by latitude lines, defined at 50 CFR 660.11, and depth contour approximations defined at 50 CFR 660.71 through 660.74 ((10 fm (18 m) through 250 fm (457 m)), and § 660.76 (700 fm (1280 m)) Amendment 28 to the FMP (84 FR 63966; November 19, 2019) established BACs for bottom trawl fisheries. This proposed rule would prohibit midwater trawl fishing within the BAC boundaries. BACs could be implemented or modified in the Exclusive Economic Zone (EEZ) off Oregon and California for vessels using limited entry midwater trawl gear. BACs may be implemented in the EEZ off Washington shoreward of the boundary line approximating the 250-fm (457-m) depth contour for vessels using limited entry midwater trawl gear. The Council decided to not include extending the available BAC boundary for vessels fishing with midwater trawl gear beyond 250-fm (457-m) off Washington as part of its recommendation due to the limited operation of midwater trawl vessels in that area.

The BAC tool would allow the Council to recommend and NMFS to implement size variable area closures as a routine management measure to address specific areas of high salmon bycatch rather than large fixed closure areas (*e.g.*, BRA). BACs would allow for the midwater trawl fishery to remain open in areas outside of the BACs.

This proposed rule would not implement specific individual BACs. BACs could not be used to close an area to any type of fishing other than groundfish bottom or midwater trawling. This rule would allow NMFS to close or reopen BACs preseason (*e.g.*, before the start of the fishing year or before the May 15 start of the Pacific

whiting fishery) or inseason. The approach would be consistent with existing “routine inseason” frameworks already in the FMP and regulations (described in Section II above). If good cause exists under the Administrative Procedure Act to waive notice and comment, a single **Federal Register** notice will announce routine inseason BACs approved by NMFS.

When deciding whether to recommend BACs for NMFS to implement, consistent with the FMP, the Council will consider environmental impacts, including economic impacts, and public comment via the Council process. Depending on the circumstances, NMFS may close areas for a defined period of time, for example, a few months or the remainder of the fishing year, or maintain the closure for an indefinite period of time, for example, until reopened by a subsequent action. NMFS may close one or more BACs, and the size of the BACs can vary. A **Federal Register** notice will announce the geographic boundaries (described with coordinates in codified regulations) of one or more BACs, the effective dates, applicable gear/fishery restrictions, as well as the purpose and rationale. NMFS would also disseminate this information on BACs through public notices and posting on the West Coast Region website (see **ADDRESSES** for electronic access information).

B. Extension of Block Area Closures for Bottom Trawl Fisheries

This proposed rule would allow the NMFS to take routine inseason action to implement BACs seaward of the boundary line approximating the 250-fm (457 m) depth contour to the existing boundary line approximating the 700-fm (1280-m) Essential Fish Habitat Conservation Area closure for bottom trawl fisheries. The boundary line approximating the 700-fm (1280-m) depth contour is described at 50 CFR 660.76. This extension of BACs would only apply south of 46°0 16'00" N. latitude (in the EEZ off Oregon and California). These actions would allow NMFS to implement and modify BACs, as a routine management measure, in open areas beyond the 250-fm (457-m) boundary in order to minimize incidental salmon bycatch. While salmon bycatch rates are generally low in depths greater than 250-fm (457-m) for trawl fisheries (see Section 2.15 of the Analysis), salmon distribution is known to extend into those depths. Therefore, the Council recommended, and NMFS is proposing to implement, this extension so as to not constrain management of salmon bycatch for bottom trawl vessels to the boundary

line approximating the 250-fm (457-m) depth contour as the seaward boundary for a BAC. This proposed rule does not implement individual BACs for bottom trawl fisheries. If consistent with the FMP, Magnuson-Stevens Act, and other applicable law, NMFS may approve and implement a Council recommended BAC through a routine inseason action as described in Section II and III.A above. The Council decided to not include extending the available BAC boundary for vessels fishing with bottom trawl gear beyond 250 fm (457 m) off Washington as part of its recommendation due to the limited operation of bottom trawl vessels in that area.

C. Selective Flatfish Trawl Requirement for Bottom Trawl Fisheries

Selective flatfish trawl (SFFT) gear was designed to target flatfish while allowing stronger swimming rockfish to swim up-and-over the cut-back headrope. Typical bottom trawls have a “hooded” headrope and lower escapement compared to an SFFT. Chinook and coho salmon are strong swimmers and capable of swimming over the low headrope or low wings of SFFT. Therefore, use of SFFT is also expected to reduce bycatch of Chinook salmon (Section 3.6.3.4.1 of Analysis).

This proposed rule would make a requirement for SFFT available as a routine management measure to address ESA-listed salmon bycatch in the groundfish bottom trawl fisheries. The requirement to fish with an SFFT could be used in conjunction with a BAC. In other words, if the Council were to recommend and NMFS were to implement a BAC for bottom trawl, it could allow bottom trawl vessels to continue fishing in the BAC if vessels used SFFT. The Council recommended, and NMFS is proposing to implement, this action because it would provide flexibility for those vessels with SFFT.

This proposed rule would not implement individual SFFT requirements. The Council would recommend SFFT requirements in the future. This rule would allow NMFS to implement SFFT requirements pre-season or inseason. If consistent with the FMP, Magnuson-Stevens Act, and other applicable law, NMFS may approve and implement a Council recommended SFFT requirement through a routine inseason action as described in Sections II and III.A above.

When deciding whether to recommend SFFT requirements, consistent with the FMP, the Council will consider environmental impacts, including economic impacts, and public comment via the Council process.

Depending on the circumstances, NMFS may require SFFT for a short period of time, such as the remainder of the fishing year, or maintain the requirements for a longer period of time, such as until lifted by a subsequent action. NMFS could require SFFT for bottom trawl vessels coastwide or require SFFT in one or more BACs. A **Federal Register** notice will announce the geographic boundaries (described with coordinates in codified regulations) of one or more BACs with SFFT requirements, the effective dates of the SFFT requirement, as well as the purpose and rationale. NMFS would also disseminate information on the SFFT requirement through public notices and on posting the West Coast Region website (see **ADDRESSES** for electronic access information).

NMFS proposes changes to the declaration report to allow NMFS Office of Law Enforcement (OLE) to sufficiently monitor and enforce SFFT requirements. In the list of potential gear type or sector/monitoring type declarations found at 50 CFR 660.13(d)(4)(iv)(A), NMFS proposes adding a declaration for “Limited entry selective flatfish trawl, shorebased IFQ” and modifying the existing “Limited entry bottom trawl, shorebased IFQ, not including demersal trawl or selective flatfish trawl” declaration to clarify that selective flatfish trawl gear is not included (*i.e.*, “Limited entry bottom trawl, shorebased IFQ, not including demersal trawl or selective flatfish trawl”). NMFS expects the addition of another declaration to the suite of available declarations would have negligible impact on a vessel’s reporting burden.

IV. Proposed Rules for Access to the Chinook Salmon Reserve

The Biological Opinion analyzed the 3,500 Chinook salmon bycatch “reserve”, implemented through a prior rulemaking (83 FR 63970, December 12, 2018). Fishery sectors may access the reserve upon reaching their Chinook salmon bycatch guideline. Either the whiting or non-whiting sector, or both sectors, may access the reserve in a given year, but the reserve is limited to 3,500 Chinook salmon total. Accessing the reserve in three out of any five consecutive years will also trigger reinitiation of the ESA consultation. The reserve accounts for a scenario in which Chinook salmon bycatch increases unexpectedly. The reserve is not an entitlement or a de facto increase in the bycatch threshold. Rather, the reserve is a safety net to minimize disruption to the fishery when other actions already in effect to reduce bycatch are insufficient.

The Council deferred consideration of the regulations governing the reserve during the development the 2019–20 Pacific Coast groundfish harvest specifications and management measures (83 FR 63970, December 12, 2018) and instead chose to address the reserve in this action. This proposed rule would establish the rules or circumstances in which the whiting and non-whiting sectors can access the reserve. As described in the Biological Opinion, access to the reserve for additional Chinook salmon bycatch above the sector's guideline is not guaranteed. The Council recommended that a sector may only access the reserve if NMFS has implemented a routine management measure to minimize Chinook salmon bycatch in that sector prior to it reaching its Chinook salmon bycatch guideline. The Council recommended, and NMFS is proposing to implement, rules for accessing the reserve that hold the whiting and non-whiting sectors accountable for minimizing bycatch.

The Council recommended, and NMFS is proposing to implement, that the non-whiting sector may only access the reserve if NMFS has implemented a routine management measure (*i.e.*, BRA, BAC, or a SFFT gear requirement) to minimize Chinook salmon bycatch in the non-whiting sector prior to it reaching its Chinook salmon bycatch guideline. This requirement may be satisfied where NMFS has implemented a BAC for bottom trawl or midwater

trawl fisheries, or an SFFT gear requirement for bottom trawl fisheries.

In contrast to the non-whiting sector, the Council recommended, and NMFS is proposing to implement, that each component of the sector (*i.e.*, the Mothership Cooperative Program, Catcher/processor Cooperative Program, and the Pacific whiting Shorebased IFQ fishery) may access to the reserve only if NMFS has implemented a routine management measure to minimize Chinook salmon bycatch for that component. This requirement may be satisfied through the implementation of a BRA, BAC, or Salmon Mitigation Plan (SMP) for the applicable component. Those vessels with an approved SMP (see Section V) would have access to the reserve without further action by NMFS. The Council recommended, and NMFS is proposing to implement, that vessels not party to an SMP may access the reserve only if NMFS has implemented a routine management measure (*e.g.*, BRA or BAC) to minimize Chinook salmon bycatch for those vessels.

As part of the rules for access to the reserve, the Council recommended, and NMFS is proposing to implement, automatic fishery closure thresholds. The Council may recommend a routine management measure (*e.g.*, BRA, BAC, or SFFT gear requirement) to minimize Chinook salmon bycatch in the groundfish fishery. If NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch in the non-whiting sector, the

non-whiting sector would close once the sector exceeds its Chinook salmon bycatch guideline of 5,500 Chinook salmon. NMFS would automatically close the MS Coop Program, C/P Coop Program, and the Pacific whiting IFQ fishery if NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch (*i.e.*, BRAs, BACs, or a SFFT gear requirement) for that specific component of the whiting sector prior to the whiting sector exceeding its Chinook salmon bycatch guideline of 11,000 Chinook salmon. Those vessels with an approved SMP (see Section V) would be exempt from the 11,000 Chinook salmon bycatch guideline closure threshold condition that requires NMFS to close a specific component of the whiting sector if NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch. Therefore, these vessels would have access to the reserve without further action by NMFS. The entire whiting sector, including those with an approved SMP, would close if the non-whiting sector has caught its 5,500 Chinook salmon bycatch guideline and 3,500 Chinook salmon from the bycatch reserve. Table 2 summarizes the proposed automatic fishery closure thresholds for the Council's recommended reserve access rules that NMFS is proposing to implement.

TABLE 2—SUMMARY OF FISHERY CLOSURES TO IMPLEMENT RESERVE ACCESS RULES

Close:	If Chinook salmon catch exceeds:	And:
Whiting sector	11,000 fish in the whiting sector	(1) NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch OR (2) The non-whiting sector has caught its 5,500 Chinook salmon bycatch guideline and 3,500 Chinook salmon from the bycatch reserve.
Non-whiting sector	5,500 fish in the non-whiting sector	(1) NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch OR (2) The non-whiting sector has caught its 5,500 Chinook salmon bycatch guideline and 3,500 Chinook salmon from the bycatch reserve.

V. Proposed Salmon Mitigation Plans for Pacific Whiting Sector

This proposed rule would allow a Pacific whiting sector cooperative or group of vessels to develop a Salmon Mitigation Plan (SMP) for NMFS approval. The SMP is a voluntary agreement by a cooperative or group of vessels in the Pacific whiting fishery Mothership (MS) Coop Program, Catcher/processor (C/P) Coop Program, or Pacific whiting Shorebased IFQ fishery to manage Chinook salmon bycatch.

The at-sea and shorebased whiting cooperatives have developed a self-management system that governs their effort and is based on targeting whiting while minimizing incidental bycatch, including salmon. At present, tools employed by the cooperatives include information sharing, area closures, movement rules, salmon excluders, and internal Chinook salmon guidelines. These tools make the cooperative structure uniquely effective at bycatch avoidance and reduction. Additionally, the cooperative governance system requires vessels to abide by the

cooperative's rules, and, if warranted based on those rules, the cooperative can implement vessel-level accountability measures. This system allows the industry to rapidly mitigate bycatch concerns through a suite of bycatch avoidance methods.

NMFS expects the SMP to promote reductions in Chinook salmon bycatch relative to what would have occurred in the absence of an SMP because the SMP will require bycatch minimization measures for all vessels party to that SMP. Therefore, NMFS approval of an SMP would give those vessels party to

the SMP access to the Chinook salmon bycatch reserve. Additionally, vessels that are party to an approved SMP would have access to the reserve regardless of NMFS implementing other inseason measures to minimize bycatch, such as BACs. Vessels that are party to an approved SMP may fish into the reserve when the non-whiting sector has not used the full reserve and NMFS has closed the whiting sector on the basis that it has reached 11,000 Chinook bycatch.

Salmon Mitigation Plan Parties

Individual vessels would not be eligible to submit an SMP for approval. MS and C/P vessels receive permits from NMFS to operate as cooperatives. Vessels in the Pacific whiting Shorebased IFQ fishery do not receive cooperative permits like the MS or C/P cooperatives. However, participants in the Pacific whiting Shorebased IFQ fishery may form groups around common goals such as managing bycatch. NMFS is aware of one group, the Shorebased Whiting Cooperative, which operates in this way.

Under this proposed rule no vessel may join or leave an SMP after it is approved. Therefore, those vessels party to the SMP would be committed to follow the SMP provisions for the year in which it is approved. NMFS proposes this condition to: (1) Maximize the potential salmon conservation benefits of an SMP; (2) prevent vessels that did not follow the SMP provisions throughout the year from receiving the benefit of access into the reserve on the basis of the SMP; and (3) ensure NMFS can sufficiently monitor and enforce a BAC from which vessels with an approved SMP are exempt. We specifically seek comment and information related to this measure.

In recommending the SMP measures, the Council provided, and NMFS is proposing to implement, an additional way to allow groups of Pacific whiting vessels to access the reserve. The Council limited SMP submissions to cooperatives or other groups of vessels because of concerns regarding the enforceability of plans from individual whiting vessels. The Council noted that other groups would have the potential to employ a robust management system similar to that employed by the existing whiting cooperatives. The Council did not recommend a minimum number of vessels in an SMP. In order to improve the clarity of the regulations, NMFS proposes a three-vessel minimum for an approved SMP. NMFS proposes that an SMP would need to have at least three vessels to ensure the robust management and accountability system

envisioned by the Council. We specifically request comment and information related to specifying a minimum number of vessels for an SMP.

Salmon Mitigation Plan Required Contents

The SMP must detail how those vessels party to the SMP would avoid and minimize Chinook salmon bycatch, including the tools they would employ. The SMP must contain the names and signatures of the owner or representative for each vessel that is party to the SMP. The SMP must designate a representative to serve as the SMP point of contact with NMFS and the Council, and to submit the SMP proposal, any amendments, and post-season report. The SMP must also contain a compliance agreement in which all parties to the SMP agree to voluntarily comply with all the provisions of the SMP.

Salmon Mitigation Plan Review and Approval

Consistent with the dates for MS and C/P cooperative permit and agreement submission, applicants would submit proposed SMPs to NMFS between February 1 and March 31. An SMP would expire on December 31 of the year in which NMFS approved it. Given the timing of this rulemaking, NMFS anticipates it would start to accept and evaluate SMP proposals beginning in 2021.

NMFS would approve a proposed SMP if the proposal contains the required contents. NMFS would disapprove a proposed SMP if it does not contain the required contents. If NMFS makes an initial administrative determination (IAD) to disapprove the proposed SMP, the applicant may appeal. Any appeal under the SMP program would be processed by the NOAA Fisheries National Appeals Office.

An amendment to an approved SMP may be submitted to NMFS at any time during the year in which the SMP is valid. NMFS would review the amendment to ensure it contains the required SMP contents. An amendment to an approved SMP would be effective upon written notification of approval by NMFS to the designated SMP representative.

Inseason SMP Monitoring and Evaluation

Those vessels party to the SMP would commit to voluntarily comply with the provisions of the SMP. The Council would evaluate Chinook salmon bycatch levels and adherence to SMP provisions

by those vessels party to the SMP, as needed, during the inseason review process at Council meetings. In recommending and implementing a routine management measure to minimize Chinook salmon bycatch, the Council and NMFS would specifically state whether the measure would apply to vessels party to an approved SMP. The Council may choose to exempt vessels fishing under an approved SMP from any additional salmon bycatch minimization measure recommendation. If the SMP measures are not sufficient in minimizing salmon bycatch, as determined by the Council during inseason review at regular Council meetings, the Council could recommend that NMFS implement additional salmon bycatch minimization measures (*i.e.*, BRAs or BACs) that would apply to those vessels party to an approved SMP even if those vessels had access to the reserve through the SMP. For example, NMFS may implement a BAC for all whiting sector vessels, including those with an approved SMP, if the whiting sector were approaching the Chinook salmon bycatch guideline and the Council had determined SMP measures were not sufficiently minimizing salmon bycatch.

By using the existing declarations and procedures, as well as a list of vessels with an approved SMP, NMFS OLE anticipates it could sufficiently monitor for unauthorized fishing vessels within the boundaries of a BAC that exempts vessels with an approved SMP.

Post-Season Reporting

The Council also recommended, and NMFS is proposing to implement, an SMP post-season report as a necessary component of the SMP measures. The post-season report would allow NMFS and the Council to monitor and assess Chinook salmon bycatch minimization efforts by vessels party to the SMP. This post-season report, and specifically information on the effectiveness of the bycatch avoidance measures, would also help NMFS comply with term and condition 6.a.iii of the Biological Opinion. This term and condition requires that NMFS produce an annual report summarizing bycatch reduction measures used and their effectiveness.

The designated SMP representative would be required to provide an annual post-season report to the Council and NMFS no later than March 31 of the year following the year in which the SMP was valid. The report would describe the group's use of Chinook salmon bycatch avoidance measures and an evaluation of the effectiveness of those measures. The report would also describe any amendments to the terms

of the SMP that NMFS approved during that fishing year and the reasons that the group amended the SMP.

VI. Proposed Trawl Fishery Closures in Response to Chinook Salmon Bycatch

This proposed rule would establish automatic actions that would close all trawl fisheries if Chinook salmon bycatch exceeds 19,500 fish in the whiting and non-whiting sectors, and would close non-whiting trawl fisheries if Chinook salmon bycatch exceeds 8,500 fish in the non-whiting sector. The closures would ensure that 500 Chinook salmon are available for bycatch in fixed gear and select recreational fisheries, so those fisheries could continue to operate in years of high Chinook salmon bycatch in the trawl fishery. Ensuring the availability of 500 Chinook salmon would cover the worst-case scenario for Chinook salmon bycatch by fixed gear and recreational fisheries in a single year. The 2017 Biological Opinion estimated the fixed gear and recreational fisheries would

catch a maximum of 154 Chinook salmon annually. The Biological Opinion also analyzed an additional buffer of 250 Chinook salmon, resulting in an estimated annual maximum of 404 Chinook salmon caught in these fisheries. The Council's Groundfish Management Team (GMT) suggested that a fixed amount of 500 Chinook salmon be available annually for fixed gear and select recreational fisheries as it should be able to account for potential bycatch in these fisheries without being constraining (Agenda Item G.8.a, Supplemental GMT Report 1, November 2018). For catch accounting purposes, the Chinook salmon bycatch from Pacific Coast treaty Indian fisheries would count towards the applicable whiting or non-whiting sector bycatch guideline. However, Pacific Coast treaty Indian fisheries would not close until the existing 20,000 Chinook salmon total fishery limit was reached.

The proposed action would not change any of the existing closure

thresholds established in the 2019–20 Pacific Coast groundfish harvest specifications and management measures (83 FR. 63970, December 12, 2018). The closure thresholds (bycatch guideline plus reserve) for the whiting and non-whiting sectors would remain at 14,500 Chinook salmon for the whiting sector and 9,000 Chinook salmon for the non-whiting sector, and a total closure of all groundfish fisheries at 20,000 Chinook salmon. The Council noted the existing fishery closure thresholds and inseason processes would be sufficient to manage to the Chinook salmon bycatch guidelines. However, the Council also recognized the importance of protecting fixed-gear and recreational fisheries from potential closure in years of high non-whiting trawl Chinook salmon bycatch. Therefore, the Council recommended, and NMFS is proposing to implement, closure thresholds for trawl fisheries. Table 3 summarizes the proposed closure thresholds for trawl fisheries.

TABLE 3—SUMMARY OF FISHERY CLOSURES TO IMPLEMENT TRAWL FISHERY THRESHOLDS

Close:	If Chinook salmon catch exceeds:
Non-whiting trawl fisheries	8,500 fish in the non-whiting sector.
All trawl fisheries	19,500 fish in the whiting and non-whiting sectors.

VII. Summary of Existing and Proposed Groundfish Fishery Closures in Response to Chinook Salmon Bycatch

Table 4 summarizes the existing and proposed groundfish fishery closures in response to Chinook salmon bycatch. The closures described in the table do not apply to Pacific Coast treaty Indian fisheries except for the existing threshold closing all groundfish fisheries, including Pacific Coast treaty

Indian fisheries, if Chinook salmon bycatch in the groundfish fishery exceeds 20,000 fish. However, for catch accounting purposes, the Chinook salmon bycatch from Pacific Coast treaty Indian fisheries would count towards the applicable whiting or non-whiting sector bycatch guideline. Each component of the whiting sector (Pacific whiting IFQ fishery, MS Coop Program and C/P Coop Program) would be closed when Chinook salmon bycatch exceeds

11,000 Chinook salmon if NMFS has not implemented a routine management measure (*i.e.*, BRA, BAC, or a SFFT gear requirement) to minimize Chinook salmon bycatch for that individual component of the whiting sector. The whiting sector closure at 11,000 Chinook salmon would not apply to those vessels that are parties to an approved SMP, unless the non-whiting sector has caught the entire 3,500 Chinook salmon bycatch reserve.

TABLE 4—SUMMARY OF GROUNDFISH FISHERIES CLOSURES DUE TO CHINOOK SALMON BYCATCH

Existing/proposed:	Close:	If Chinook salmon bycatch exceeds:	And:
Proposed (implement reserve access rules).	Whiting sector	11,000 fish in the whiting sector ..	(1) NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch OR (2) The non-whiting sector has caught its 5,500 Chinook salmon bycatch guideline and 3,500 Chinook salmon from the bycatch reserve.
Existing (83 FR 63970; December 12, 2018).	Whiting sector	14,500 fish in the whiting sector ..	The non-whiting sector has not accessed the Chinook salmon bycatch reserve.

TABLE 4—SUMMARY OF GROUND FISH FISHERIES CLOSURES DUE TO CHINOOK SALMON BYCATCH—Continued

Existing/proposed:	Close:	If Chinook salmon bycatch exceeds:	And:
Proposed (implement reserve access rules).	Non-whiting sector	5,500 fish in the non-whiting sector.	(1) NMFS has not implemented a routine management measure to minimize Chinook salmon bycatch OR (2) The whiting sector has caught its 11,000 Chinook salmon guideline and 3,500 Chinook salmon from the bycatch reserve.
Proposed (ensure 500 Chinook salmon available for fixed gear and recreational fisheries).	Non-whiting trawl fisheries (midwater trawl and bottom trawl fisheries under the Shorebased IFQ Program).	8,500 fish in the non-whiting sector.	
Existing (83 FR 63970; December 12, 2018).	Non-whiting sector	9,000 fish in the non-whiting sector.	The whiting sector has not accessed the Chinook salmon bycatch reserve.
Proposed (ensure 500 Chinook salmon available for fixed gear and recreational fisheries).	All trawl fisheries (whiting sector and non-whiting trawl fisheries).	19,500 fish in the whiting and non-whiting sector.	
Existing (83 FR 63970; December 12, 2018).	All groundfish fisheries	20,000 fish in the whiting and non-whiting sector.	

VIII. Anticipated Effects of This Proposed Rule

Effectiveness in Minimizing Chinook and Coho Salmon Bycatch

The additional management tools in the proposed action would provide NMFS with more flexibility to effectively minimize incidental Chinook and coho salmon bycatch in the Pacific coast groundfish fishery (Sections 3.6.1.2.1, 3.6.2.2.1, and 3.6.3.4.1 of the Analysis). The effects of the proposed rule on Chinook and coho salmon overlap. Therefore, we examine these species together in this analysis. BACs, including the extension, could close “hot spot” areas, thus reducing the risk of bycatch where Chinook and/or coho salmon presence is highest. SFFT gear requirements would be a beneficial tool to reduce incidental Chinook and coho salmon bycatch in the bottom trawl fishery.

Given that the SMPs would formalize the voluntary salmon bycatch mitigation measures taken by the cooperatives, the proposed rule would increase effectiveness in salmon bycatch minimization (Section 3.6.4.2.4 of the Analysis).

The proposed changes to trawl fishery closures would be an appropriate and important tool to keep catch below the bycatch guidelines.

The proposed rules for access to the Chinook salmon reserve would not minimize salmon bycatch in the fishery directly; however, indirectly they could result in application of minimization measures that could reduce salmon bycatch (*i.e.*, BAC, BRA, or SFFT gear requirement). This proposed rule could therefore reduce the incidence of a

sector exceeding its bycatch guideline and accessing the reserve (Section 3.6.6.2.1 of the Analysis).

Costs

Under this proposed rule, NMFS would have additional salmon bycatch management tools. The proposed action would not implement individual BACs or SFFT gear requirements. Implementing a BAC or SFFT gear requirement could result in a range of costs to industry, depending on the timing, location, and duration of the closure or gear restriction. Compared to a BRA, a BAC or SFFT gear requirement would provide a more flexible tool in minimizing salmon bycatch. For example, a BAC could potentially close a small area with anticipated high salmon bycatch while allowing industry to continue to fish in lower bycatch areas. Were an SFFT gear requirement implemented, vessels without an SFFT net could incur costs associated with either purchasing an SFFT net (\$18,000 to \$25,000 per single SFFT net), or moving to fish outside the closed area with a different net type (Section 3.6.1.2.2, 3.6.2.2.2, and 3.6.3.4.2 of the Analysis).

The proposed trawl fishery closure thresholds are not expected to diminish opportunity in the trawl fisheries. Salmon bycatch in the trawl fisheries has fallen steadily over the past 15 years and bycatch is expected to remain relatively low compared to the proposed closure thresholds. The fixed gear and the recreational fisheries would benefit from this measure to ensure 500 Chinook salmon are available for these fisheries as they could continue to

operate even in years of high non-whiting trawl Chinook salmon bycatch (Section 3.6.4.2.5 of the Analysis).

The proposed rules for accessing the Chinook salmon bycatch reserve require NMFS to implement a routine management measure (or approve an SMP) to minimize Chinook salmon bycatch for the non-whiting sector or component of the whiting sector before granting those sectors access to the reserve. The costs to industry would be realized through implementation of the associated bycatch minimization measure (Section 3.6.6.2.2 of the Analysis) contained in the routine management measure action. Should Pacific whiting cooperatives or other groups choose to submit an SMP, they would incur minor costs associated with compiling the SMP proposal and post-season report (Section 3.6.4.2.5 of the Analysis).

IX. Correction

This rule also proposes a minor technical correction related to the definition of “Mothership Coop Program” at § 660.111. An inaccurate amendatory instruction (80 FR 77271, December 14, 2015) resulted in a duplicative definition with an incorrect title. This rule proposes to remove the definition for “Mothership Coop Program or MS Coop Program”, and maintain the definition for “Mothership (MS) Coop Program or MS sector” at § 660.111. This change is not substantive, as it removes a redundant definition.

X. Classification

Pursuant to section 304(b)(1)(A) and 305(d) of the Magnuson-Stevens Act, the

NMFS Assistant Administrator has determined this rule is consistent with the FMP, other provisions of the Magnuson-Stevens Act, 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.

There are no relevant Federal rules that may duplicate, overlap, or conflict with this action.

An initial regulatory flexibility analysis (IRFA) was prepared for this action, as required by section 603 of the Regulatory Flexibility Act (RFA) (5 U.S.C. 603). The IRFA describes the economic impact that 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 is contained in the **SUMMARY** section and at the beginning of the **SUPPLEMENTARY INFORMATION** section of the preamble. A summary of the IRFA follows. A copy of the IRFA is available from NMFS (see **ADDRESSES** for electronic access information).

When an agency proposes regulations, the RFA requires the agency to prepare and make available for public comment an IRFA that describes the impact on small businesses, non-profit enterprises, local governments, and other small entities. The IRFA is to aid the agency in considering all reasonable regulatory alternatives that would minimize the economic impact on affected small entities.

The RFA (5 U.S.C. 601 *et seq.*) requires government agencies to assess the effects that regulatory alternatives would have on small entities, defined as any business/organization independently owned and operated and not dominant in its field of operation (including its affiliates). A small harvesting business has combined annual receipts of \$11 million or less for all affiliated operations worldwide. A small fish-processing business is one that employs 750 or fewer persons for all affiliated operations worldwide.

For marinas and charter/party boats, a small business is one that has annual receipts not in excess of \$7.5 million. A wholesale business servicing the fishing industry is a small business if it employs 100 or fewer persons on a full time, part time, temporary, or other basis, at all its affiliated operations worldwide. A nonprofit organization is determined to be "not dominant in its field of operation" if it is considered small under one of the following Small Business Administration (SBA) size standards: Environmental, conservation, or professional organizations are considered small if they have combined

annual receipts of \$15 million or less, and other organizations are considered small if they have combined annual receipts of \$7.5 million or less.

The RFA defines small governmental jurisdictions as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of less than 50,000.

Description and Estimate of the Number of Small Entities to Which the Rule Applies, and Estimate of Economic Impacts by Entity Size and Industry

This proposed rule would directly affect all commercial groundfish vessels and select recreational groundfish vessels. In the C/P sector, all three permit owners (owning the collective 10 permits) self-reported as large entities. For the MS sector, of the 31 MS/Catcher Vessel endorsed permits, 25 permits and their associated vessels are registered as small entities. Nine permits held by seven entities self-reported as large, with one entity owning three permits. In order to fish in the shoreside whiting or midwater trawl sector, a limited entry trawl endorsed permit is required. Of the 164 limited entry trawl endorsed permits (excluding those with a C/P endorsement), 110 permit owners holding 129 permits classified themselves as small entities. The average small entity owns 1.17 permits with 15 entities owning more than one permit. However, given that between 23 and 26 vessels have participated in the shoreside whiting fishery in the last three years and the same range of vessels in the midwater rockfish fisheries, this is an overestimate of the potential impacted number of small entities. Additionally, it is likely some entities own more than one vessel. From 2016–2018, there were 67–74 bottom trawl vessels.

Since 2016–18, there have been 17 to 23 fixed gear participants in the IFQ fishery, 136 to 144 in the limited entry fixed gear fisheries, and 746 to 769 in the open access fisheries. Of those fixed gear IFQ participants, there have been between 17 and 19 permits used to land groundfish. In 2018, an estimated 13 of these trawl endorsed permits were classified as small entities (based on 2019 declarations). In 2019, 208 of the 239 fixed gear endorsed limited entry permits (required to fish in the primary or limited entry fixed gear sectors) reported as small entities. For the permits that reported as large entities, one entity owned three permits and three owned two permits. All open access vessels are assumed to be small entities, with ex-vessel revenues for all landings averaging \$8,966 in 2018.

For the recreational sector, all charter businesses are designated as small entities. The portion of the recreational fishery that would be affected by this action are those groundfish trips occurring outside of the salmon season. Therefore, the estimates provided here may be an overestimate of the actual number of entities or trips that may be affected depending on when the salmon seasons are set and when a closure could occur. For Washington, there were 55 unique charter vessels that took 20,833 bottomfish trips in 2018. In 2018, there were 48 charter vessels that took an estimated 19,208 angler trips in Oregon. However, this estimate does not include guide boats that do not have an official office. In California, there were approximately 290 vessels targeting bottomfish or lingcod, according to logbook submissions, that took an estimated 504,118 angler trips.

The economic effects of the proposed rule are described in Section 4.6 of the Analysis. The economic effects of the additional management tools to minimize ESA-listed salmon bycatch would depend on the extent and timing of the measure. It is likely that there would be some negative economic impact on small entities with the implementation of a BAC or SFFT gear requirement. Vessels would potentially have to move from closed fishing locations, which may decrease the effectiveness at accessing target species.

Cooperatives or other groups of vessels in the Pacific whiting C/P, MS, and shoreside sectors may incur additional administrative costs associated with developing and submitting the SMP and the post-season report. Because we estimate the reporting burden to average 10 hours per response for the SMP proposal, and 8 hours per response for the SMP post-season report, we do not expect the reporting requirement to impact profitability of operations for small or large entities.

Economic impacts to small entities affected by the trawl closure thresholds would depend on the time that the automatic closure points were reached. Table 3.15 of the Analysis details the potential estimated losses for fisheries by month. If the trawl sectors were to unexpectedly close the recreational sectors in November, this could be a loss of \$27.4 million in revenue.

There are no direct costs associated with the proposed rules for access to the reserve. However, implementation of any inseason bycatch minimization measures prior to a sector accessing the reserve would have associated economic impacts. For example, if there were unexpected high bycatch in the non-

whiting sector, NMFS would have to implement bycatch minimization measures such as a BAC prior to that sector accessing the reserve. The associated impacts would be those described above for the additional bycatch minimization tools.

Description of Proposed Reporting, Record-Keeping, and Other Compliance Requirements of This Proposed Rule

Additional reporting or recordkeeping may be required of the regulated entities under the proposed action. Cooperatives or other groups of Pacific whiting vessels would have new reporting requirements under the proposed action if they chose to submit an SMP to NMFS for approval. The cooperatives or other groups of vessels with an approved SMP would also be required to submit a post-season report to the Council and NMFS. The proposed action adds a declaration to the suite of available declarations to allow NMFS OLE to sufficiently monitor and enforce SFFT gear requirements. This change would have negligible impact on a vessel's reporting burden.

Federal Rules Which May Duplicate, Overlap, or Conflict With This Proposed Rule

The proposed regulations do not create overlapping regulations with any state regulations or other Federal laws.

A Description of Any Significant Alternatives to the Proposed Rule That Accomplish the Stated Objectives of Applicable Statutes and That Minimize Any Significant Economic Impact of the Proposed Rule on Small Entities

There are no significant alternatives to the proposed rule that would accomplish the stated objectives in a way that would reduce economic impacts of the proposed rule on small entities. This action allows NMFS to exempt any take of listed species from the prohibitions that would otherwise be imposed by Section 9 of the ESA by complying with the terms and conditions in the 2017 NMFS Biological Opinion, which specify certain measures for the Council and NMFS to develop and implement, or consider to minimize bycatch of ESA-listed Chinook and coho salmon. For that reason, there are no significant alternatives to the proposed action evaluated in this IRFA.

Paperwork Reduction Act (PRA) Collection-of-Information Requirements

This proposed rule contains a new collection-of-information requirement subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction

Act (PRA). NMFS has submitted this proposed requirement to OMB for approval. The following public reporting burden estimates for the submission of SMPs and post-season reports under this proposed rule include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection information. Public reporting burden is estimated to average 10 hours per response for the SMP proposal, 3 hours per response for an SMP amendment, 6 hours per response for an administrative appeal of a disapproved SMP, and 8 hours per response for the SMP post-season report.

Public comment is sought regarding: Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; the accuracy of the burden estimate; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the collection of information, including through the use of automated collection techniques or other forms of information technology. Submit comments on these or any other aspects of the collection of information to NMFS West Coast Region (see **ADDRESSES**) and at www.reginfo.gov/public/do/PRAMain.

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 <https://www.reginfo.gov/public/do/PRASearch>.

List of Subjects in 50 CFR Part 660

Fisheries, Fishing, Reporting and recordkeeping requirements.

Dated: September 29, 2020.

Samuel D. Rauch III,

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

For the reasons set out in the preamble, 50 CFR part 660 is proposed to be amended as follows:

PART 660—FISHERIES OFF WEST COAST STATES

■ 1. The authority citation for part 660 continues to read as follows:

Authority: 16 U.S.C. 1801 *et seq.*, 16 U.S.C. 773 *et seq.*, and 16 U.S.C. 7001 *et seq.*

■ 2. In § 660.11, in the definition of “Conservation area(s),” revise paragraph (1) to read as follows:

§ 660.11 General definitions.

* * * * *

(1) *Groundfish Conservation Area or GCA* means a conservation area created or modified and enforced to control catch of groundfish or protected species. Regulations at § 660.60(c)(3) describe the various purposes for which NMFS may implement certain types of GCAs through routine management measures. Regulations at § 660.70 further describe and define coordinates for certain GCAs, including: Yelloweye Rockfish Conservation Areas; Cowcod Conservation Areas; waters encircling the Farallon Islands; and waters encircling the Cordell Banks. GCAs also include depth-based closures bounded by lines approximating depth contours, including Bycatch Reduction Areas or BRAs, or bounded by depth contours and lines of latitude, including, Block Area Closures or BACs, and Rockfish Conservation Areas or RCAs, which may be closed to fishing with particular gear types. BRA, BAC, and RCA boundaries may change seasonally according to conservation needs. Regulations at §§ 660.71 through 660.74, and § 660.76 define depth-based closure boundary lines with latitude/longitude coordinates. Regulations at § 660.11 describe commonly used geographic coordinates that define lines of latitude. Fishing prohibitions associated with GCAs are in addition to those associated with other conservation areas.

* * * * *

■ 3. In § 660.12, add paragraph (a)(19) to read as follows:

§ 660.12 General groundfish prohibitions.

* * * * *

(a) * * *

(19) Fish for, or take and retain, any species of groundfish, during salmon bycatch fishery closures described in § 660.60(d)(1)(iv) and (v), or fail to comply with the salmon bycatch management provisions described in § 660.60(i).

* * * * *

■ 4. Amend § 660.13 by:

■ a. Revising paragraph (d)(4)(iv)(A)(10);

■ b. Republishing paragraph (d)(4)(iv)(A)(11);

■ c. Revising paragraphs (d)(4)(iv)(A)(12) through (30)

■ d. Adding paragraph (d)(4)(iv)(A)(31).

The revisions, republication and addition read as follows:

§ 660.13 Recordkeeping and reporting.

- * * * * *
- (d) * * *
- (4) * * *
- (iv) * * *
- (A) * * *
- (10) Limited entry bottom trawl, shorebased IFQ, not including demersal trawl or selective flatfish trawl,
- (11) Limited entry demersal trawl, shorebased IFQ,
- (12) Limited entry selective flatfish trawl, shorebased IFQ,
- (13) Non-groundfish trawl gear for pink shrimp,
- (14) Non-groundfish trawl gear for ridgeback prawn,
- (15) Non-groundfish trawl gear for California halibut,
- (16) Non-groundfish trawl gear for sea cucumber,
- (17) Open access longline gear for groundfish,
- (18) Open access Pacific halibut longline gear,
- (19) Open access groundfish trap or pot gear,
- (20) Open access Dungeness crab trap or pot gear,
- (21) Open access prawn trap or pot gear,
- (22) Open access sheephead trap or pot gear,
- (23) Open access line gear for groundfish,
- (24) Open access HMS line gear,
- (25) Open access salmon troll gear,
- (26) Open access California Halibut line gear,
- (27) Open access Coastal Pelagic Species net gear,
- (28) Other gear,

- (29) Tribal trawl,
- (30) Open access California gillnet complex gear or
- (31) Gear testing.
- * * * * *

■ 5. In § 660.50, revise paragraph (h) to read as follows:

§ 660.50 Pacific Coast treaty Indian fisheries.

- * * * * *
- (h) *Salmon bycatch*. This fishery may be closed through automatic action at § 660.60(d)(1)(v).
- * * * * *

■ 6. Amend § 660.60 as follows:

- a. Revise paragraphs (c)(3)(i) introductory text; (c)(3)(i)(C), (d)(1)(iv) and (v); and

■ b. Add paragraph (i) to read as follows:

§ 660.60 Specifications and Management Measures.

- * * * * *
- (c) * * *
- (3) * * *
- (i) *Depth-based management measures*. Depth-based management measures, particularly closed areas known as Groundfish Conservation Areas, defined in § 660.11, include RCAs, BRAs, and BACs, and may be implemented in any fishery sector that takes groundfish directly or incidentally. Depth-based management measures are set using specific boundary lines that approximate depth contours with latitude/longitude waypoints found at §§ 660.70 through 660.74, and § 660.76. Depth-based management measures and closed areas

may be used for the following conservation objectives: To protect and rebuild overfished stocks; to prevent the overfishing of any groundfish species by minimizing the direct or incidental catch of that species; or to minimize the incidental harvest of any protected or prohibited species taken in the groundfish fishery. Depth-based management measures and closed areas may be used for the following economic objectives: To extend the fishing season; for the commercial fisheries, to minimize disruption of traditional fishing and marketing patterns; for the recreational fisheries, to spread the available catch over a large number of anglers; to discourage target fishing while allowing small incidental catches to be landed; and to allow small fisheries to operate outside the normal season.

* * * * *

(C) *Block Area Closures*. BACs, as defined at § 660.111, may be closed or reopened, in the EEZ off Oregon and California for vessels using limited entry bottom trawl gear, and in the EEZ off Washington, Oregon and California for vessels using midwater trawl gear, consistent with the purposes described in this paragraph (c)(3)(i).

* * * * *

- (d) * * *

- (1) * * *

(iv) Close the following groundfish fisheries, not including Pacific Coast treaty Indian fisheries, when conditions for Chinook salmon bycatch described in this table and paragraphs (d)(1)(iv)(A) and (B) of this section are met:

TABLE 1 TO PARAGRAPH (d)(1)(iv)

Close:	If Chinook salmon bycatch, as described in § 660.60(i)(2), exceeds:	And:
Whiting sector (Pacific whiting IFQ fishery, MS Coop Program and/or C/P Coop Program).	11,000 fish in the whiting sector	(1) A routine management measure specified at § 660.60(c) has not been implemented as described in § 660.60(i)(1) OR (2) The non-whiting sector has caught its 5,500 Chinook salmon bycatch guideline and 3,500 Chinook salmon from the bycatch reserve.
Whiting sector (Pacific whiting IFQ fishery, MS Coop Program and C/P Coop Program).	14,500 fish in the whiting sector	The non-whiting sector has not accessed the Chinook salmon bycatch reserve.
Non-whiting sector (midwater trawl, bottom trawl, and fixed gear fisheries under the Shorebased IFQ Program, limited entry fixed gear fisheries, open access fisheries, and recreational fisheries subject to this provision as set out in § 660.360(d)).	5,500 fish in the non-whiting sector	(1) A routine management measure specified at § 660.60(c) has not been implemented as described in § 660.60(i)(1) OR (2) The whiting sector has caught its 11,000 Chinook salmon guideline and 3,500 Chinook salmon from the bycatch reserve.
Non-whiting sector (midwater trawl, bottom trawl, and fixed gear fisheries under the Shorebased IFQ Program, limited entry fixed gear fisheries, open access fisheries, and recreational fisheries subject to this provision as set out in § 660.360(d)).	9,000 fish in the non-whiting sector	The whiting sector has not accessed the Chinook salmon bycatch reserve.
Non-whiting trawl fisheries (midwater trawl and bottom trawl fisheries under the Shorebased IFQ Program).	8,500 fish in the non-whiting sector.	

TABLE 1 TO PARAGRAPH (d)(1)(iv)—Continued

Close:	If Chinook salmon bycatch, as described in § 660.60(i)(2), exceeds:	And:
All trawl fisheries (whiting sector and non-whiting trawl fisheries).	19,500 fish in the whiting and non-whiting sector.	

(A) Consistent with § 660.60(i)(2), each component of the whiting sector (Pacific whiting IFQ fishery, MS Coop Program and C/P Coop Program) will be closed when Chinook salmon bycatch exceeds 11,000 Chinook salmon if a routine management measure specified at § 660.60(c) has not been implemented as described in § 660.60(i)(2) for that individual component of the whiting sector.

(B) Consistent with § 660.60(i)(2), the Chinook salmon closure at 11,000 fish does not apply to those whiting sector vessels that are parties to an approved Salmon Mitigation Plan, as specified at § 660.113(e), unless the non-whiting sector has caught the entire 3,500 Chinook salmon bycatch reserve.

(v) Close all groundfish fisheries, including Pacific Coast treaty Indian fisheries, if Chinook salmon bycatch in the groundfish fishery exceeds 20,000 fish.

* * * * *

(i) *Salmon bycatch management.* Salmon bycatch is managed through routine management measures, salmon bycatch guidelines and a Chinook salmon bycatch reserve, and fisheries closures. For purposes of salmon bycatch management, the groundfish fishery is divided into the whiting sector and non-whiting sector and includes bycatch of Chinook salmon and coho salmon from both non-tribal fisheries and Pacific Coast treaty Indian fisheries. The non-whiting sector includes the midwater trawl, bottom trawl, and fixed gear fisheries under the Shorebased IFQ Program, limited entry fixed gear fisheries, open access fisheries as defined at § 660.11, and recreational fisheries subject to this provision as set out in § 660.360(d). The whiting sector is the Pacific whiting fishery, as defined in § 660.111, and includes vessels participating in the C/P Coop Program, the MS Coop Program, and the Pacific whiting IFQ fishery.

(1) *Routine management measures.* Routine management measures specified at § 660.60(c) may be implemented to minimize Chinook salmon and/or coho salmon bycatch in the groundfish fishery. These measures may include BRAs, BACs, or a selective flatfish trawl gear requirement. These measures would not apply to vessels

fishing in Pacific Coast treaty Indian fisheries.

(i) *Non-whiting sector.* Routine management measures to manage salmon bycatch in the non-whiting sector include:

(A) A BAC for bottom trawl or midwater trawl as specified at § 660.60(c)(3)(i).

(B) A BRA for midwater trawl as specified at § 660.60(c)(3)(i).

(C) A selective flatfish trawl gear requirement for bottom trawl.

(ii) *Whiting sector.* Routine management measures to manage salmon bycatch in the whiting sector include:

(A) A BAC as specified at § 660.60(c)(3)(i).

(B) A BRA as specified at § 660.60(c)(3)(i).

(2) *Chinook salmon bycatch guidelines and Chinook salmon bycatch reserve.* The Chinook salmon bycatch guideline for the non-whiting sector is 5,500 fish. The Chinook salmon bycatch guideline for the whiting sector is 11,000 fish. If a sector exceeds its Chinook salmon bycatch guideline, it may access a reserve of 3,500 Chinook salmon reserve provided action has been taken to minimize Chinook salmon bycatch as described in paragraph (i)(2)(i) or (ii) of this section. For bycatch accounting purposes, all Chinook salmon bycatch from the groundfish fishery, including both non-tribal and Pacific Coast treaty Indian fisheries, counts towards the applicable whiting or non-whiting sector bycatch guideline and the reserve.

(i) *Reserve access for the non-whiting sector.* The non-whiting sector may only access the reserve if a measure described in paragraph (i)(1)(i) of this section has been implemented.

(ii) *Reserve access for the whiting sector.* Each component of the whiting sector (Pacific whiting IFQ fishery, MS Coop Program and C/P Coop Program) may only access the reserve if a measure described in paragraph (i)(1)(ii) of this section has been implemented for that component of the whiting fishery. If a measure described in paragraph (i)(1)(ii) of this section has not been implemented for that component of the whiting fishery, vessels within that component that are parties to an approved Salmon Mitigation Plan

(SMP), as specified at § 660.113(e), may access the reserve.

(3) *Fisheries closures.* Groundfish fisheries may be closed through automatic action at § 660.60(d)(1)(iv) and (v).

■ 7. Amend § 660.111 as follows:

■ a. Revise the definition of “Block area closures or BACs”;

■ b. Remove the definition of “Mothership Coop Program or MS Coop Program”; and

■ c. Add a definition for “Salmon Mitigation Plan (SMP)” in alphabetical order to read as follows:

§ 660.111 Trawl fishery—definitions.

* * * * *

Block area closures or BACs are a type of groundfish conservation area, defined at § 660.11, bounded on the north and south by commonly used geographic coordinates, defined at § 660.11, and on the east and west by the EEZ, and boundary lines approximating depth contours, defined with latitude and longitude coordinates at §§ 660.71 through 660.74 (10 fm through 250 fm), and § 660.76 (700 fm). BACs may be implemented or modified as routine management measures, per regulations at § 660.60(c). BACs may be implemented in the EEZ off Oregon and California for vessels using limited entry bottom trawl and/or midwater trawl gear. BACs may be implemented in the EEZ off Washington shoreward of the boundary line approximating the 250-fm depth contour for midwater trawl vessels. BACs may close areas to specific trawl gear types (e.g. closed for midwater trawl, bottom trawl, or bottom trawl unless using selective flatfish trawl) and/or specific programs within the trawl fishery (e.g. Pacific whiting fishery or MS Coop Program). BACs may vary in their geographic boundaries and duration. Their geographic boundaries, applicable gear type(s) and/or specific trawl fishery program, and effective dates will be announced in the **Federal Register**. BACs may have a specific termination date as described in the **Federal Register**, or may be in effect until modified. BACs that are in effect until modified by Council recommendation and subsequent NMFS action are set out in Tables 1 (North) and 1 (South) of this subpart.

* * * * *

Salmon Mitigation Plan (SMP) means a voluntary agreement amongst a group of at least three vessels in the MS Coop Program, C/P Coop Program, or Pacific whiting IFQ fishery to manage Chinook salmon bycatch, approved by NMFS under § 660.113(e). Vessels fishing under an approved SMP would have access to the Chinook salmon bycatch reserve as described in § 660.60(i)(2). Routine management measures to minimize Chinook salmon bycatch as described in § 660.60(i) may be implemented for vessels that are parties to an approved SMP.

* * * * *

■ 8. In § 660.113, add paragraph (e) to read as follows:

§ 660.113 Trawl fishery—recordkeeping and reporting.

* * * * *

(e) *Salmon Mitigation Plan (SMP)*. NMFS may approve an SMP for a group of at least three vessels in the MS Coop Program, C/P Coop Program, or Pacific whiting IFQ fishery. NMFS may approve an SMP for more than one group in a given year.

(1) *Applicability of further measures to manage salmon bycatch*. Routine management measures to minimize Chinook salmon bycatch as described in § 660.60(i) may be implemented for vessels with an approved SMP.

(2) *SMP contents*. The SMP must contain, at a minimum, the following—

(i) Name of the SMP.

(ii) *Compliance agreement*. A written statement that all parties to the SMP agree to voluntarily comply with all provisions of the SMP.

(iii) *Signatures of those party to SMP*. The names and signatures of the owner or representative for each vessel that is party to the SMP.

(iv) *Designated SMP representative*. The name, telephone number, and email address of a person appointed by those party to the SMP who is responsible for:

(A) Serving as the SMP contact person between NMFS and the Council

(B) Submitting the SMP proposal and any SMP amendments; and

(C) Submitting the SMP postseason report to the Council and NMFS

(v) A description of:

(A) How parties to the SMP will adequately monitor and account for the catch of Chinook salmon.

(B) How parties to the SMP will avoid and minimize Chinook salmon bycatch, including a description of tools parties will employ. Tools may include, but would not be limited to, information sharing, area closures, movement rules, salmon excluder use, and internal bycatch guidelines.

(C) How the SMP is expected to promote reductions in Chinook salmon

bycatch relative to what would have occurred in absence of the SMP.

(3) *Deadline for proposed SMP*. A proposed SMP must be submitted to NMFS between February 1 and March 31 of the year in which it intends to be in effect. NMFS will not consider any proposals received after March 31.

(4) *Duration*. Once approved, the SMP expires on December 31 of the year in which it was approved. An SMP may not expire mid-year. No party may join or leave an SMP once it is approved.

(5) *NMFS review of a proposed SMP—(i) Approval*. The Assistant Regional Administrator will provide written notification of approval to the designated SMP representative if the SMP meets the following requirements:

(A) Contains the information required in paragraph (e)(2) of this section; and

(B) Is submitted in compliance with the requirements of paragraphs (e)(3) and (e)(4) of this section.

(ii) *SMP identification number*. If approved, NMFS will assign an SMP identification number to the approved SMP.

(iii) *Amendments to an SMP*. The designated SMP representative may submit amendments to an approved SMP to NMFS at any time during the year in which the SMP is approved. The amendment must include the SMP identification number. NMFS will review amendments under the requirements in paragraph (e)(2) of this section. An amendment to an approved SMP is effective upon written notification of approval by NMFS to the designated SMP representative.

(iv) *Disapproval*. (A) NMFS will disapprove a proposed SMP or a proposed amendment to an SMP for either of the following reasons:

(1) If the proposed SMP fails to meet any of the requirements of paragraphs (e)(2) through (e)(4) of this section, or

(2) If a proposed amendment to an SMP would cause the SMP to no longer meet the requirements of paragraphs (e)(2) through (e)(4) of this section.

(B) *Initial Administrative Determination (IAD)*. If, in NMFS' review of the proposed SMP or amendment, NMFS identifies deficiencies in the proposed SMP that would require disapproval of the proposed SMP or amendment, NMFS will notify the applicant in writing. The applicant will be provided one 30-day period to address, in writing, the deficiencies identified by NMFS. Additional information or a revised SMP received by NMFS after the expiration of the 30-day period specified by NMFS will not be considered for purposes of the review of the proposed SMP or amendment.

NMFS will evaluate any additional information submitted by the applicant within the 30-day period. If the Assistant Regional Administrator determines the additional information addresses deficiencies in the proposed SMP or amendment, the Assistant Regional Administrator will approve the proposed SMP or amendment under paragraph (e)(5)(i) or (iii) of this section. However, if, after consideration of the original proposed SMP or amendment, any additional information, or a revised SMP submitted during the 30-day period, NMFS determines the proposed SMP or amendment does not comply with the requirements of paragraph (e)(5)(i) or (iii) of this section, the Assistant Regional Administrator will issue an IAD to the applicant in writing providing the reasons for disapproving the proposed SMP or amendment.

(C) *Administrative Appeals*. An applicant who receives an IAD disapproving a proposed SMP or amendment may appeal. The appeal must be filed in writing within 30 calendar days of when NMFS issues the IAD. The NOAA Fisheries National Appeals Office will process any appeal. The regulations and policy of the National Appeals Office will govern the appeals process. The National Appeals Office regulations are specified at 15 CFR part 906.

(D) *Pending appeal*. While the appeal of an IAD disapproving a proposed SMP or amendment is pending, proposed parties to the SMP subject to the IAD will not have access to the Chinook salmon bycatch reserve unless a measure described in paragraph § 660.60 (i)(1)(ii) has been implemented for that component of the whiting fishery.

(6) *SMP postseason report*. The designated SMP representative for an approved SMP must submit a written postseason report to NMFS and the Council for the year in which the SMP was approved.

(i) *Submission deadline*. The SMP postseason report must be received by NMFS and the Council no later than March 31 of the year following that in which the SMP was approved.

(ii) *Information requirements*. The SMP postseason report must contain, at a minimum, the following information:

(A) Name of the SMP and SMP identification number.

(B) A comprehensive description of Chinook salmon bycatch avoidance measures used in the fishing year in which the SMP was approved, including but not limited to, information sharing, area closures, movement rules, salmon excluder use, and internal bycatch guidelines.

(C) An evaluation of the effectiveness of these avoidance measures in minimizing Chinook salmon bycatch.

(D) A description of any amendments to the terms of the SMP that were approved by NMFS during the fishing year in which the SMP was approved and the reasons the amendments to the SMP were made.

* * * * *

- 9. Amend § 660.130 as follows:
- a. Revise paragraphs (e) introductory text, (e)(5) introductory text, (e)(5)(i), and (iii); and
- b. Add paragraph (g) to read as follows:

§ 660.130 Trawl fishery—management measures.

* * * * *

(e) *Groundfish conservation areas (GCAs)*. GCAs are closed areas, defined at § 660.11, and using latitude and

longitude coordinates specified at §§ 660.70 through 660.74, and § 660.76.

* * * * *

(5) *Block area closures or BACs*. BACs, defined at § 660.111, are applicable to vessels with groundfish bottom trawl or midwater trawl gear on board that is not stowed, per the prohibitions in § 660.112(a)(5). When in effect, BACs are areas closed to bottom trawl and/or midwater trawl fishing. A vessel operating, for any purpose other than continuous transiting, in the BAC must have prohibited trawl gear stowed, as defined at § 660.111. Nothing in these Federal regulations supersedes any state regulations that may prohibit trawling shoreward of the fishery management area, defined at § 660.11. Prohibitions at § 660.112(a)(5) do not apply under any of the following conditions and when

the vessel has a valid declaration for the allowed fishing:

(i) *Trawl gear*. Limited entry midwater trawl gear and bottom trawl gear may be used within the BAC only when it is an authorized gear type for the area and season, and not prohibited by the BAC.

* * * * *

(iii) *Multiple gears*. If a vessel fishes in a BAC with an authorized groundfish trawl gear, it may fish outside the BAC on the same trip using another authorized trawl gear type for that area and season, provided it makes the appropriate declaration change.

* * * * *

(g) *Salmon bycatch*. This fishery may be closed through automatic action at § 660.60(d)(1)(iv) and (v).

* * * * *

[FR Doc. 2020–21875 Filed 10–19–20; 8:45 am]

BILLING CODE 3510–22–P

Notices

Federal Register

Vol. 85, No. 203

Tuesday, October 20, 2020

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

Forest Service

Lassen County Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Lassen County Resource Advisory Committee (RAC) will hold a virtual meeting. The committee is authorized under the Secure Rural Schools and Community Self-Determination Act (the Act) and operates in compliance with the Federal Advisory Committee Act. The purpose of the committee is to improve collaborative relationships and to provide advice and recommendations to the Forest Service concerning projects and funding consistent with the Act. RAC information can be found at the following website: <https://www.fs.usda.gov/main/lassen/workingtogether/advisorycommittees>.

DATES: The meeting will be held on Thursday, November 5, 2020, starting at 10:00 a.m., Pacific Standard Time.

All RAC meetings are subject to cancellation. For status of meeting prior to attendance, please contact the person listed under **FOR FURTHER INFORMATION CONTACT**.

ADDRESSES: The meeting will be held with virtual attendance only. For virtual meeting information, please contact the person listed under **FOR FURTHER INFORMATION CONTACT**.

Written comments may be submitted as described under **SUPPLEMENTARY INFORMATION**. All comments, including names and addresses when provided, are placed in the record and are available for public inspection and copying. The public may inspect comments received at Lassen National Forest Supervisor's Office. Please call ahead to facilitate entry into the building.

FOR FURTHER INFORMATION CONTACT:

Mark Gaston, RAC Coordinator, by phone at 505-252-6604 or via email at mark.gaston2@usda.gov.

Individuals who use telecommunication devices for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8:00 a.m. and 8:00 p.m., Eastern Standard Time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The purpose of the meeting is to:

1. Welcome, call to order, and introductions;
2. Project presentations and discussion;
3. Category (A/B/C) breakout sessions; and
4. Vote on project recommendations.

The meeting is open to the public. The agenda will include time for people to make oral statements of three minutes or less. Individuals wishing to make an oral statement should request in writing by October 29, 2020, to be scheduled on the agenda. Anyone who would like to bring related matters to the attention of the committee may file written statements with the committee staff before or after the meeting. Written comments and requests for time to make oral comments must be sent to Mark Gaston, RAC Coordinator, Lassen National Forest Supervisor's Office, 2550 Riverside Drive, Susanville, California 96130; by email to mark.gaston2@usda.gov, or via facsimile to 530-252-6428.

Meeting Accommodations: If you are a person requiring reasonable accommodation, please make requests in advance for sign language interpreting, assistive listening devices, or other reasonable accommodation. For access to the facility or proceedings, please contact the person listed in the section titled **FOR FURTHER INFORMATION CONTACT**. All reasonable accommodation requests are managed on a case-by-case basis.

Dated: October 14, 2020.

Cikena Reid,

USDA Committee Management Officer.

[FR Doc. 2020-23155 Filed 10-19-20; 8:45 am]

BILLING CODE 3411-15-P

CIVIL RIGHTS COMMISSION

Sunshine Act Meeting

AGENCY: United States Commission on Civil Rights.

ACTION: Notice of Commission public business meeting.

DATES: Friday October 30, 2020, 12:00 p.m. ET.

ADDRESSES: Meeting to take place by telephone and open to the public by telephone: 1-800-635-7637, Conference ID code #386-6160. Computer assisted real-time transcription (CART) will be provided. The web link to access CART (in English) on Friday October 30, 2020, is <https://www.streamtext.net/player?event=USCCR>. Please note that CART is text-only translation that occurs in real time during the meeting and is not an exact transcript.

FOR FURTHER INFORMATION CONTACT:

Zakee Martin: 202-376-7700; publicaffairs@usccr.gov.

Meeting Agenda

I. Approval of Agenda

II. Business Meeting

- A. Presentation from Arkansas Advisory Committee to the Commission on their report, Mass Incarceration and Civil Rights in Arkansas
- B. Presentation from Michigan Advisory Committee to the Commission on their report, Voting Rights and Access in Michigan
- C. Discussion and Vote on Commission report, COVID-19 in Indian Country: The Impact of Federal Broken Promises on Native Americans
- D. Discussion and Vote on Commission Advisory Committee Appointments
 - New York Advisory Committee Chair
 - Arkansas Advisory Committee
 - Colorado Advisory Committee
 - North Carolina Advisory Committee
- E. Discussion and vote on amendment to Administrative Instruction 5-9, Advisory Committee Member Conduct Policy
- F. Management and Operations
 - Staff Director's Report

III. Adjourn Meeting

Dated: October 16, 2020.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2020-23333 Filed 10-16-20; 4:15 pm]

BILLING CODE 6335-01-P

DEPARTMENT OF COMMERCE**Census Bureau****2020 Census Tribal Consultation;
Virtual Public Meeting**

AGENCY: Bureau of the Census,
Department of Commerce.

ACTION: Notice of meeting.

SUMMARY: The Bureau of the Census (Census Bureau) is continuing tribal consultation meetings through calendar year 2020. These meetings reflect the Census Bureau's commitment to strengthen government-to-government relationships with federally recognized tribes. The Census Bureau will provide updates and seek input on the 2020 Disclosure Avoidance System (DAS). The Census Bureau conducted one national tribal consultation webinar in September 2019 and two formal tribal consultation meetings in October 2019 specific to the 2020 Disclosure Avoidance System. The Census Bureau is planning one national webinar with federally recognized tribes, which will provide a forum for tribes to receive an update and to provide input on the 2020 Disclosure Avoidance System regarding work done specifically for the American Indian and Alaska Native tribal areas. The Census Bureau will provide information directly to tribes prior to the national webinar to give tribes time to review and provide input.

DATES: The Census Bureau will conduct the tribal consultation webinar on Tuesday, November 17, 2020, at 3:00 p.m. EST. Any questions or topics to be considered in the tribal consultation meetings must be received in writing via email by Tuesday, November 17, 2020.

ADDRESSES: The Census Bureau tribal consultation webinar meeting will be held via the WebEx platform at the following presentation link: <https://uscensus.webex.com/uscensus/onstage/g.php?MTID=e020a909b86d28a8ea57200e1f0861e95>.

For audio, please call the following number: 888-456-0349. When prompted, please use the following Participant Code: 3683767. Event Password (If Requested): @Tribal.

FOR FURTHER INFORMATION CONTACT: Dee Alexander, Tribal Affairs Coordinator, Office of Congressional and

Intergovernmental Affairs,
Intergovernmental Affairs Office, U.S.
Census Bureau, Washington, DC 20233;
telephone (301) 763-9335; fax (301)
763-3780; or by email at
Dee.A.Alexander@census.gov or at
ocia.tao@census.gov.

SUPPLEMENTARY INFORMATION:**Background**

The Census Bureau's procedures for outreach, notice, and consultation ensure involvement of tribes, to the extent practicable and permitted by law, before making decisions or implementing policies, rules, or programs that affect federally recognized tribal governments. These meetings are open to citizens of federally recognized tribes by invitation.

The Census Bureau's Decennial Directorate and the Intergovernmental Affairs Office are responsible for the development and implementation of outreach and promotion activities to assist in obtaining a complete and accurate census count in 2020 among all residents, including the American Indian and Alaska Native populations. This program is one part of the overall outreach and promotion efforts directed at building awareness about the importance of the Census Bureau's commitment to produce quality 2020 American Indian and Alaska Native data for all tribal communities and organizations.

In accordance with Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, issued November 6, 2000, the Census Bureau is adhering to its tribal consultation policy by seeking the input of tribal governments in the planning and implementation of the 2020 Census with the goal of ensuring the most accurate counts and data for the American Indian and Alaska Native population. In that regard, we are seeking comments to the following operational topics:

1. 2020 Disclosure Avoidance System
2. American Indian and Alaska Native Geography Hierarchy

Through the national tribal consultation webinar, Census Bureau staff will provide tribal communities with further details on disclosure avoidance methodology. For more information, please see the following URL link: <https://www.census.gov/programs-surveys/decennial-census/2020-census/planning-management/2020-census-data-products/2020-das-updates.html>.

Steven D. Dillingham, Director, Bureau of the Census, approved the publication of this Notice in the **Federal Register**.

Dated: October 14, 2020.

Sheleen Dumas,

Department PRA Clearance Officer, Office of the Chief Information Officer, Commerce Department.

[FR Doc. 2020-23161 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE**Census Bureau****Census Scientific Advisory Committee;
Virtual Public Meeting**

AGENCY: Bureau of the Census,
Department of Commerce.

ACTION: Notice of meeting.

SUMMARY: The Bureau of the Census (Census Bureau) is giving notice of a virtual meeting of the Census Scientific Advisory Committee (CSAC). The Committee provides scientific and technical expertise from the following disciplines: Demography, economics, geography, psychology, statistics, survey methodology, social and behavioral sciences, information technology and computing, marketing, and other fields of expertise, as appropriate, to address Census Bureau program needs and objectives. Last minute changes to the schedule are possible, which could prevent giving advance public notice of schedule adjustments. Please visit the Census Advisory Committees website at <http://www.census.gov/cac> for the CSAC meeting information, including the agenda, and how to join the meeting.

DATES: The virtual meeting will be held on Thursday, November 12, 2020, from 1:00 p.m.–3:00 p.m. EST.

ADDRESSES: In light of the uncertainty related to travel restrictions and social-distancing requirements, resulting from the COVID-19 outbreak, the meeting will be held via the WebEx platform at the following presentation link: <https://uscensus.webex.com/uscensus/onstage/g.php?MTID=ed28cd37e0e3598bd4aa098586b29cb95>.

For audio, please call the following number: 1-800-857-5051. When prompted, please use the following Participant Code: 8808521.

FOR FURTHER INFORMATION CONTACT:

Shana Banks, Advisory Committee Branch Chief, Office of Program, Performance and Stakeholder Integration (PPSI), shana.j.banks@census.gov, Department of Commerce, U.S. Census Bureau, Room 2K128F, 4600 Silver Hill Road, Washington, DC 20233, telephone 301-763-3815. For TTY callers, please use the Federal Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION: The Committee provides scientific and technical expertise, as appropriate, to address Census Bureau program needs and objectives. The members of the CSAC are appointed by the Director, Census Bureau. The Committee has been established in accordance with the Federal Advisory Committee Act (Title 5, United States Code, Appendix 2, Section 10). The purpose of the meeting is to provide recommendations to the Census Bureau on various program needs and objectives.

All meetings are open to the public. A brief period will be set aside during the virtual meeting for public comments. However, individuals with extensive questions or statements must submit them in writing to shana.j.banks@census.gov, (subject line “2020 CSAC Fall Virtual Meeting Public Comment”).

Steven D. Dillingham, Director, Bureau of the Census, approved the publication of this Notice in the **Federal Register**.

Dated: October 15, 2020.

Sheleen Dumas,

Department PRA Clearance Officer, Office of the Chief Information Officer, Commerce Department.

[FR Doc. 2020-23169 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-892]

Forged Steel Fittings From India: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of forged steel fittings (FSF) from India.

DATES: Applicable October 20, 2020.

FOR FURTHER INFORMATION CONTACT: Lauren Caserta, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-4737.

SUPPLEMENTARY INFORMATION:

Background

On March 30, 2020, Commerce published the *Preliminary Determination* of the countervailing

duty (CVD) investigation, which aligned the final determination in this CVD investigation with the final determination in the companion antidumping duty investigation of FSF from India.¹ On June 18, 2020, Commerce published the *Amended Preliminary Determination* in this investigation.²

A summary of the events that occurred since Commerce published the *Amended Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, are discussed in the Issues and Decision Memorandum, which is hereby adopted by this notice.³ The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation is January 1, 2018 through December 31, 2018.

Scope of the Investigation

The products covered by this investigation are forged steel fittings from India. For a complete description of the scope of this investigation, see Appendix I.

Scope Comments

On May 20, 2020, Commerce issued an *Amended Preliminary Scope Memorandum*. We received comments from interested parties on the *Amended Preliminary Scope Memorandum*, which we address in the *Final Scope Decision Memorandum*, dated

¹ See *Forged Steel Fittings from India: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 17536 (March 30, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

² See *Forged Steel Fittings from India: Amended Preliminary Affirmative Countervailing Duty Determination*, 85 FR 36835 (June 18, 2020) (*Amended Preliminary Determination*), and accompanying Amended Preliminary Scope Memorandum.

³ See Memorandum, “Issues and Decisions Memorandum for the Final Determination of the Countervailing Duty Investigation of Forged Steel Fittings from India,” dated concurrently with, and hereby adopted by, this notice (Issues and Decisions Memorandum).

contemporaneously with, and hereby adopted by, this final determination.⁴ Commerce is modifying the scope language as it appeared in the *Amended Preliminary Determination*. See the revised scope in Appendix I.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised is attached to this notice as Appendix II.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁵ For a full description of the methodology underlying our final determination, see the Issues and Decision Memorandum.

Verification

Commerce normally verifies information relied upon in making its final determination, pursuant to section 782(i)(1) of the Tariff Act of 1930, as amended (the Act). However, during the course of this investigation, we were unable to conduct on-site verification due to travel restrictions.⁶ Consistent

⁴ See Memorandum, “Forged Steel Fittings from India and the Republic of Korea: Final Scope Decision Memorandum,” dated October 13, 2020; see also IPI's Letter, “Response to Scope Preliminary Determinations: Antidumping and Countervailing Duty Investigation of Forged Steel Fittings from India and Korea (A-533-891, C-533-892, A-580-904),” dated June 26, 2020; Ramkrishna's Letters, “Forged Steel Fittings from India and Korea: Response to Req for Clarification RE Scope Prelim Determination. IPI 3/26/2020,” dated July 3, 2020, “Forged Steel Fittings from India and Korea: Response to the Department of Commerce's Preliminary Determination from Titus PVF Group Inc. (“Titus”) dated June 29th, 2020,” dated July 5, 2020, and “Forged Steel Fittings from India and Korea: Response to Req for Clarification RE Scope Prelim Determination. IPI 3/26/2020,” dated July 6, 2020; S.P.M. Flow's Letter, “Forged Steel Fittings from India and Korea: Response Clarification RE Scope Prelim Determination,” dated July 6, 2020; and Petitioners' Letter, “Forged Steel Fittings from India and Korea: Scope Rebuttal Comments,” dated July 6, 2020.

⁵ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁶ See Memorandum, “Countervailing Duty Investigation of Forged Steel Fittings from India: Verification and Schedule for Submission of Case and Rebuttal Briefs,” dated August 3, 2020.

with section 776(a)(2)(D) of the Act, Commerce relied on the information submitted on the record, which we used in making our *Preliminary Determination* and in the *Amended Preliminary Determination*, as facts available in making our final determination.

Changes Since the Preliminary Determination and Amended Preliminary Determination

Based on our review and analysis of the comments received from parties, we made certain changes to the subsidy rate calculations for Shakti Forge Industries Pvt. Ltd. and Shakti Forge (collectively, Shakti). For a discussion of these changes, see the Issues and Decision Memorandum.

All-Others Rate

We continue to assign the countervailable subsidy rate calculated for Shakti as the all-others rate applicable to all exporters and/or producers not individually examined.

Final Determination

Commerce determines the total estimated net countervailable subsidy rates to be:

Company	Subsidy rate ad valorem (percent)
Shakti Forge Industries Pvt. Ltd. and Shakti Forge (collectively, Shakti)	2.64
Nikoo Forge Pvt. Ltd., Pan International, Patton International Limited, Sage Metals Limited, Kirtanlal Steel Private Limited, Disha Auto Components Private Limited, Dynamic Flow Products, Sara Sae Private Limited, and Parveen Industries Private Limited	300.77
All Others	2.64

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in this final determination within five days of any public announcement or, if there is no public announcement, within five days of the date of the publication of this notice in proceeding in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, Commerce instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise under consideration from India that were entered or withdrawn from warehouse, for consumption on or after March 30, 2020, the date of publication of the *Preliminary Determination* in the **Federal Register**. In accordance with section 703(d) of the Act, effective July 28, 2020, we instructed CBP to discontinue the suspension of liquidation of all entries at that time, but to continue the suspension of liquidation of all entries between March 30, 2020 and July 27, 2020.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order and require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as

a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, Commerce will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of FSF from India. As Commerce's final determination is affirmative, in accordance with section 705(b) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury. In addition, we are making available to the ITC all non-privileged and nonproprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to the APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 771(i) of the Act and 19 CFR 351.210(c).

Dated: October 13, 2020.

Jeffrey I. Kessler,

Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is carbon and alloy forged steel fittings, whether unfinished (commonly known as blanks or rough forgings) or finished. Such fittings are made in a variety of shapes including, but not limited to, elbows, tees, crosses, laterals, couplings, reducers, caps, plugs, bushings, unions (including hammer unions), and outlets. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections. The scope includes integrally reinforced forged branch outlet fittings, regardless of whether they have one or more ends that is a socket welding, threaded, butt welding end, or other end connections.

While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, MSS SP-83, MSS-SP-97, ASTM A105, ASTM A350 and ASTM A182, the scope is not limited to fittings made to these specifications.

The term forged is an industry term used to describe a class of products included in applicable standards, and it does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casings. Pursuant to the applicable standards, fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of forged steel fittings are included in the scope regardless of nominal pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class rating (expressed in pounds of pressure, e.g., 2,000 or 2M; 3,000 or 3M;

6,000 or 6M; 9,000 or 9M), wall thickness, and whether or not heat treated.

Excluded from this scope are all fittings entirely made of stainless steel. Also excluded are flanges, nipples, and all fittings that have a maximum pressure rating of 300 pounds per square inch/PSI or less.

Also excluded from the scope are fittings certified or made to the following standards, so long as the fittings are not also manufactured to the specifications of ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, ASTM A105, ASTM A350 and ASTM A182:

- American Petroleum Institute (API) 5CT, API 5L, or API 11B;
- American Society of Mechanical Engineers (ASME) B16.9;
- Manufacturers Standardization Society (MSS) SP-75;
- Society of Automotive Engineering (SAE) J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926, J2044 or SAE AS 35411;
- Hydraulic hose fittings (e.g., fittings used in high pressure water cleaning applications, in the manufacture of hydraulic engines, to connect rubber dispensing hoses to a dispensing nozzle or grease fitting) made to ISO 12151-1, 12151-2, 12151-3, 12151-4, 12151-5, or 12151-6;
- Underwriter's Laboratories (UL) certified electrical conduit fittings;
- ASTM A153, A536, A576, or A865;
- Casing conductor connectors made to proprietary specifications;
- Machined steel parts (e.g., couplers) that are not certified to any specifications in this scope description and that are not for connecting steel pipes for distributing gas and liquids;

- Oil country tubular goods (OCTG) connectors (e.g., forged steel tubular connectors for API 5L pipes or OCTG for offshore oil and gas drilling and extraction);
- Military Specification (MIL) MIL-C-4109F and MIL-F-3541; and
- International Organization for Standardization (ISO) ISO6150-B.

Also excluded from the scope are assembled or unassembled hammer unions that consist of a nut and two subs. To qualify for this exclusion, the hammer union must meet each of the following criteria: (1) The face of the nut of the hammer union is permanently marked with one of the following markings: "FIG 100," "FIG 110," "FIG 100C," "FIG 200," "FIG 200C," "FIG 201," "FIG 202," "FIG 206," "FIG 207," "FIG 211," "FIG 300," "FIG 301," "FIG 400," "FIG 600," "FIG 602," "FIG 607," "FIG 1002," "FIG 1003," "FIG 1502," "FIG 1505," "FIG 2002," or "FIG 2202"; (2) the hammer union does not bear any of the following markings: "Class 3000," "Class 3M," "Class 6000," "Class 6M," "Class 9000," or "Class 9M"; and (3) the nut and both subs of the hammer union are painted.

Also excluded from the scope are subs or wingnuts made to ASTM A788, marked with "FIG 1002," "FIG 1502," or "FIG 2002," and with a pressure rating of 10,000 PSI or greater. These parts are made from AISI/SAE 4130, 4140, or 4340 steel and are 100 percent magnetic particle inspected before shipment.

Also excluded from the scope are tee, elbow, cross, adapter (or "crossover"), blast

joint (or "spacer"), blind sub, swivel joint and pup joint which have wing nut or not. To qualify for this exclusion, these products must meet each of the following criteria: (1) Manufacturing and Inspection standard is API 6A or API 16C; and, (2) body or wing nut is permanently marked with one of the following markings: "FIG 2002," "FIG 1502," "FIG 1002," "FIG 602," "FIG 206," or "FIG any other number" or MTR (Material Test Report) shows these FIG numbers.

To be excluded from the scope, products must have the appropriate standard or pressure markings and/or be accompanied by documentation showing product compliance to the applicable standard or pressure, e.g., "API 5CT" mark and/or a mill certification report.

Subject carbon and alloy forged steel fittings are normally entered under Harmonized Tariff Schedule of the United States (HTSUS) 7307.92.3010, 7307.92.3030, 7307.92.9000, 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They may also be entered under HTSUS 7307.93.3010, 7307.93.3040, 7307.93.6000, 7307.93.9010, 7307.93.9040, 7307.93.9060, and 7326.19.0010.

The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum:

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Scope Comments
- V. Use of Facts Otherwise Available and Adverse Inferences: Non-Cooperative and Non-Responsive Companies
- VI. Subsidies Valuation
- VII. Analysis of Programs
- VIII. Analysis of Comments
 - Comment 1: Whether Commerce Should Include the Integrated Goods & Service Tax (IGST) in the Calculation of the Benefit Received From the Export Promotion of Capital Goods Scheme (EPCGS) Program
 - Comment 2: Whether Commerce Should Revise Its Calculation of the Benefit for the Provision of Water for Less Than Adequate Remuneration (LTAR) Program
 - Comment 3: Whether the Duty Drawback (DDB) Program Is Countervailable
 - Comment 4: Whether the EPCGS Program Is Countervailable
 - Comment 5: Whether the MEIS Program Is Countervailable
 - Comment 6: Whether the State Government of Gujarat (SGOG) Scheme of Assistance to Micro, Small and Medium Enterprises (MSME): Assistance of One-Time Capital Investment Subsidy and the SGOG Scheme of Assistance to MSME: Assistance for Interest Subsidy Programs Are Countervailable
 - Comment 7: Whether the Gujarat Industrial Development Corporation (GIDC) Provision of Water for Less Than Adequate Remuneration (LTAR) Is Countervailable

IX. Recommendation

[FR Doc. 2020-23272 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XA572]

New England Fishery Management Council; Public Meeting

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

ACTION: Notice of public meeting.

SUMMARY: The New England Fishery Management Council (Council) is scheduling a public meeting of its Groundfish Advisory Panel to consider actions affecting New England fisheries in the exclusive economic zone (EEZ). Recommendations from this group will be brought to the full Council for formal consideration and action, if appropriate.

DATES: This webinar will be held on Wednesday, November 4, 2020 at 9 a.m. Webinar registration URL information: <https://attendee.gotowebinar.com/register/6947685743236224268>.

ADDRESSES: The meeting will be held via webinar.

Council address: New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950.

FOR FURTHER INFORMATION CONTACT: Thomas A. Nies, Executive Director, New England Fishery Management Council; telephone: (978) 465-0492.

SUPPLEMENTARY INFORMATION:

Agenda

The Advisory Panel discuss draft alternatives and preliminary Groundfish Plan Development Team analysis for 2021 US/CA total allowable catches (TACs) for U.S./Canada Eastern Georges Bank (GB) cod, Eastern GB haddock, and GB yellowtail flounder; 2021-2023 specifications for half of the groundfish stocks; white hake rebuilding; and other measures. They will also make recommendations to the Groundfish Committee, as appropriate, and discuss other business, as necessary.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during these meetings. Action will be restricted to those issues specifically listed in this notice and any issues arising after publication of this notice that require emergency action

under section 305(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council's intent to take final action to address the emergency

Special Accommodations

This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Thomas A. Nies, Executive Director, at (978) 465-0492, at least 5 days prior to the meeting date. This meeting will be recorded. Consistent with 16 U.S.C. 1852, a copy of the recording is available upon request.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: October 15, 2020.

Tracey L. Thompson,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2020-23177 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XA571]

New England Fishery Management Council; Public Meeting

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

ACTION: Notice of public meeting.

SUMMARY: The New England Fishery Management Council (Council) is scheduling a public meeting of its Groundfish Committee to consider actions affecting New England fisheries in the exclusive economic zone (EEZ). Recommendations from this group will be brought to the full Council for formal consideration and action, if appropriate.

DATES: This webinar will be held on Wednesday, November 4, 2020 at 12:45 p.m. Webinar registration URL information: <https://attendee.gotowebinar.com/register/3378028884684772876>.

ADDRESSES: The meeting will be held via webinar.

Council address: New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950.

FOR FURTHER INFORMATION CONTACT: Thomas A. Nies, Executive Director, New England Fishery Management Council; telephone: (978) 465-0492.

SUPPLEMENTARY INFORMATION:

Agenda

The Committee will discuss draft alternatives and preliminary Groundfish Plan Development Team analysis for 2021 US/CA total allowable catches (TACs) for U.S./Canada Eastern Georges Bank (GB) cod, Eastern GB haddock, and GB yellowtail flounder; 2021-23 specifications for half of the groundfish stocks; white hake rebuilding; and other measures. They will also consider work of the Groundfish Plan Development Team and recommendations from the Groundfish Advisory Panel and make recommendations to the Council, as appropriate. Other business will be discussed as necessary.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically listed in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council's intent to take final action to address the emergency.

Special Accommodations

This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Thomas A. Nies, Executive Director, at 978-465-0492, at least 5 days prior to the meeting date. This meeting will be recorded. Consistent with 16 U.S.C. 1852, a copy of the recording is available upon request.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: October 15, 2020.

Tracey L. Thompson,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2020-23179 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XA565]

North Pacific Fishery Management Council; Public Meeting

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

ACTION: Notice of webconference.

SUMMARY: The North Pacific Fishery Management Council (NPFMC) Joint

Protocol Committee will meet November 5, 2020.

DATES: The meeting will be held on Thursday, November 5, 2020, from 1 p.m. to 5 p.m., Alaska Time.

ADDRESSES: The meeting will be a webconference. Join online through the link at <https://meetings.npfmc.org/Meeting/Details/1684>.

Council address: North Pacific Fishery Management Council, 1007 W 3rd Ave., Anchorage, AK 99501-2252; telephone: (907) 271-2809. Instructions for attending the meeting are given under **SUPPLEMENTARY INFORMATION**, below.

FOR FURTHER INFORMATION CONTACT:

David Witherell, Council Executive Director; phone: (907) 271-2809 and email: david.witherell@noaa.gov. For technical support please contact administrative Council staff, email: npfmc.admin@noaa.gov.

SUPPLEMENTARY INFORMATION:

Agenda

Thursday, November 5, 2020

The agenda will include a Staff report on alternatives for federal management of commercial salmon fisheries in EEZ waters of Cook Inlet, Public testimony, Committee discussion, and other issues. The Agenda is subject to change, and the latest version will be posted at <https://meetings.npfmc.org/Meeting/Details/1684> prior to the meeting, along with meeting materials.

Connection Information

You can attend the meeting online using a computer, tablet, or smart phone; or by phone only. Connection information will be posted online at: <https://meetings.npfmc.org/Meeting/Details/1684>.

Public Comment

Public comment letters will be accepted and should be submitted electronically to <https://meetings.npfmc.org/Meeting/Details/1684> by 5 p.m. Alaska time on Wednesday, November 4, 2020. An opportunity for oral public testimony will also be provided during the meeting.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: October 15, 2020.

Tracey L. Thompson,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2020-23180 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE**National Oceanic and Atmospheric Administration****Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Billfish Tagging Report**

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on June 24, 2020 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: National Oceanic & Atmospheric Administration (NOAA), Commerce.

Title: Billfish Tagging Report.

OMB Control Number: 0648-0009.

Form Number(s): NOAA 88-162.

Type of Request: Regular submission [extension of a current information collection].

Number of Respondents: 1,000.

Average Hours per Response: 5 minutes.

Total Annual Burden Hours: 83.

Needs and Uses: The National Oceanic and Atmospheric Administration's Southwest Fisheries Science Center (SWFSC) operates a conventional mark-recapture billfish tagging program. The SWFSC provides tagging supplies to individuals electing to tag and release the billfish they catch (the program is advertised by a newsletter and by word of mouth). Each Billfish Tagging Report Card is issued with an individual billfish tag and is imprinted with the number matching the accompanying tag. The Billfish Tagging Report Card is the primary mechanism by which these cooperating anglers and commercial fishers return the tag and release information concerning the billfish they have tagged. Individuals cooperating in the program do so on a strictly voluntary basis.

Tagging supplies are provided to volunteer anglers. When anglers catch and release a tagged fish, they submit a brief report on the fish and the location of the tagging. The program is

conducted throughout the year to determine billfish habitat, mortality rates, migration patterns, feeding habits, and growth rates. Fishery biologists investigating the health of billfish resources throughout the Pacific utilize data from this program. Results aid in ongoing research concerning billfish resources and are published annually in the Billfish newsletter.

Affected Public: Individuals or households.

Frequency: On occasion.

Respondent's Obligation: Voluntary.

Legal Authority: This program is authorized under 16 U.S.C. 760(e), Study of migratory game fish; waters; research; purpose.

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0648-0009.

Sheleen Dumas,

Department PRA Clearance Officer, Office of the Chief Information Officer, Commerce Department.

[FR Doc. 2020-23206 Filed 10-19-20; 8:45 am]

BILLING CODE 3510-22-P

COMMODITY FUTURES TRADING COMMISSION**Agency Information Collection Activities; Notice of Intent To Revise Collection, Comment Request; Adoption of Revised Notice of Exemption**

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, this notice announces that the Information Collection Request (ICR) abstracted below has been forward to the Office of Information and Regulatory Affairs (OIRA), of the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collection and its expected costs and burdens.

DATES: Comments must be submitted on or before November 18, 2020.

ADDRESSES: Written comments and recommendations for the proposed information collection should be submitted within 30 days of this notice's publication to OIRA, at <https://www.reginfo.gov/public/do/PRAMain>. Please find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the website's search function. Comments can be entered electronically by clicking on the "comment" button next to the information collection on the "OIRA Information Collections Under Review" page, or the "View ICR—Agency Submission" page. A copy of the supporting statement for the collection of information discussed herein may be obtained by visiting <https://www.reginfo.gov/public/do/PRAMain>.

In addition to the submission of comments to <https://Reginfo.gov> as indicated above, a copy of all comments submitted to OIRA may also be submitted to the Commodity Futures Trading Commission (the "Commission" or "CFTC") by clicking on the "Submit Comment" box next to the descriptive entry for OMB Control No. 3038-0005, at <https://comments.cftc.gov/FederalRegister/PublicInfo.aspx>.

Or by either of the following methods:

- *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.

All comments must be submitted in English, or if not, accompanied by an English translation. Comments submitted to the Commission should include 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 § 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 <https://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

¹ 17 CFR 145.9.

ICR 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.

FOR FURTHER INFORMATION CONTACT: Joshua Sterling, Director, (202) 418–6700, jsterling@cftc.gov; Amanda Olear, Deputy Director, (202) 418–5283, aolear@cftc.gov; or Elizabeth Groover, Special Counsel, (202) 418–5985, egroover@cftc.gov, Division of Swap Dealer and Intermediary Oversight, Commodity Futures Trading Commission, 1155 21st Street NW, Washington, DC 20581.

SUPPLEMENTARY INFORMATION:

Titles: Rules Relating to the Operations and Activities of Commodity Pool Operators and Commodity Trading Advisors and to Monthly Reporting by Futures Commission Merchants (OMB control number 3038–0005). This is a request for extension and revision of this currently approved information collection.

Abstract: In *Amendments to Registration and Compliance Requirements for Commodity Pool Operators and Commodity Trading Advisors: Prohibiting Exemptions under Regulation 4.13 on Behalf of Persons Subject to Certain Statutory Disqualifications*, 85 FR 40877 (July 8, 2020), the Commission recently revised the notice of exemption required by Commission regulation 4.13(b)(1) of any person who desires to claim the relief from CPO registration.² Separately, in *Agency Information Activities: Notice of Intent to Revise Collection 3038–0005, Adoption of Revised Notice of Exemption Under Regulation 4.13(b)(1)*, 85 FR 47359 (Aug. 5, 2020) (60-Day Notice), the Commission addressed the PRA implications of revising the notice filing required by Commission regulation 4.13(b)(1).³ The various collections of information required by part 4 of the Commission's regulations, including that notice filing, were previously approved by OMB in accordance with the PRA and assigned OMB control number 3038–0005. The Commission offers the following summary of the revision to the notice

and the resulting estimated impact on existing burden hour estimates associated with this information collection.

Revision to the Notice of Exemption

On June 4, 2020, the Commission revised Commission regulation 4.13(b)(1) by adding a representation to the notice already required to be electronically filed with the Commission by persons claiming an exemption from CPO registration thereunder.⁴ With that amendment, the Commission is requiring persons filing a notice of exemption thereunder to also represent that neither the person nor any of its principals has in its background a statutory disqualification listed in section 8a(2) of the Commodity Exchange Act (CEA or Act) that would require disclosure, if the person sought registration. Subject to one limited exception, the amended regulation provides that a person who has, or whose principals have, in their backgrounds a statutory disqualification under CEA section 8a(2) will generally be prohibited from claiming an exemption from CPO registration under Commission regulation 4.13. The Commission intended this amendment to eliminate the inconsistent treatment of exempt CPOs as compared to registered CPOs (and the principals thereof), whereby certain persons could avoid the CEA's basic conduct requirements established for all persons registering as intermediaries with the Commission by claiming an exemption from CPO registration instead. Ultimately, the Commission's stated purpose in adopting this amendment was to improve the customer protection and general investor confidence experienced by exempt pool participants.

The Commission noted in the Statutory Disqualifications Final Rule that the amendment in its proposed form had not implicated an additional or existing collection of information, and thus, the proposed regulation was not considered in the PRA context.⁵ Because the Statutory Disqualifications Final Rule resulted in a representation being added to the existing notice filing in Commission regulation 4.13(b), the Commission determined that this amendment constitutes the modification of an existing information collection; as such, the PRA implications of the

revised notice filing were considered separately in the 60-Day Notice.⁶

By adding this representation to the notice of exemption from CPO registration required by Commission regulation 4.13(b)(1), the Commission recognizes that the existing information collection burden for that notice, currently estimated at 0.1 hours, is expected to increase. The Commission estimates that this amendment would add a total of 0.2 burden hours to the information collection burdens currently estimated for the notice of exemption under Commission regulation 4.13(b)(1), for an aggregate total of 0.3 burden hours. Additionally, the Commission estimates that currently, approximately 8,600 respondents would claim an exemption via the notice filing in Commission regulation 4.13(b)(1).

Comments

In the 60-Day Notice, the Commission provided 60 days for public comment on the extension and revision of the currently approved information collection under OMB control number 3038–0005, including its estimates, restated above, regarding the impact of the revised notice filing on the burdens associated with Commission regulation 4.13(b)(1) and the number of expected respondents under that regulation. The Commission did not receive any comments that addressed any of its estimates or any other aspect of the information collection.

Burden Statement: As explained above, the Commission believes that the addition of a representation to the notice of exemption required by Commission regulation 4.13(b)(1) will increase the information collection burden associated with that notice under OMB control number 3038–0005.

• **OMB control number 3038–0005:**

The Commission estimates that as a result of revising the notice of exemption under Commission regulation 4.13(b)(1), the burden of the collection of information under OMB control number 3038–0005⁷ would be as follows:

⁶ 60-Day Notice, 85 FR at 47360–61.

⁷ OMB control number 3038–0005 currently covers two separate Information Collections ("IC"): (1) Part-4 Commodity Pool Operators and Commodity Trading Advisors IC, and (2) Commodity Pool Operator Annual Report IC. The estimates in this notice reflect changes specifically made by the Statutory Disqualifications Final Rule to the Part-4 Commodity Pool Operators and Commodity Trading Advisors IC, for which the current active information collection estimates of 43,397 respondents and 354,333 burden hours were approved by OMB on March 6, 2020 (ICR Reference No. 201912–3038–001). The aggregate burden for OMB control number 3038–0005 may be further impacted by a separate rulemaking, Amendments to

² Amendments to Registration and Compliance Requirements for Commodity Pool Operators and Commodity Trading Advisors: Prohibiting Exemptions under Regulation 4.13 on Behalf of Persons Subject to Certain Statutory Disqualifications, 85 FR 40877 (July 8, 2020) (Statutory Disqualifications Final Rule), *amending* 17 CFR 4.13(b)(1).

³ Agency Information Activities: Notice of Intent to Revise Collection 3038–0005, *Adoption of Revised Notice of Exemption Under Regulation 4.13(b)(1)*, 85 FR 47359 (Aug. 5, 2020) (60-Day Notice).

⁴ Statutory Disqualifications Final Rule, 85 FR at 40890.

⁵ Statutory Disqualifications Final Rule, 85 FR at 40887.

Respondents/Affected Entities: (1) All persons filing a notice of exemption as required by Commission regulation 4.13(b)(1) for the purpose of claiming relief from CPO registration, and (2) all principals of such persons.

Estimated number of respondents: 8,600.

Estimated number of exempt pools/reports per respondent: 3.

Estimated total annual burden on respondents: 8,600 hours.⁸

Frequency of collection: Annually.

There are no capital costs or operating and maintenance costs associated with this collection.

(Authority: 44 U.S.C. 3501, *et seq.*)

Dated: October 15, 2020.

Robert Sidman,

Deputy Secretary of the Commission.

[FR Doc. 2020–23168 Filed 10–19–20; 8:45 am]

BILLING CODE 6351–01–P

COMMODITY FUTURES TRADING COMMISSION

Sunshine Act Meetings

TIME AND DATE: 10:00 a.m. EDT, Thursday, October 22, 2020.

PLACE: Virtual meeting.

STATUS: Open.

MATTERS TO BE CONSIDERED: The Commodity Futures Trading Commission (CFTC) will hold this meeting jointly with the Securities and Exchange Commission to consider the following matters:

- *Joint Final Rule: Customer Margin Rules Relating to Security Futures*—The Commissions will consider whether to adopt rule amendments to align the minimum margin required on security futures with other similar financial products.

- *Request for comment: Portfolio Margining of Uncleared Swaps and Non-Cleared Security-Based Swaps*—The Commissions also will consider whether to issue a request for comment on the portfolio margining of uncleared swaps and non-cleared security-based swaps. The request for comment would solicit comment on all aspects of the portfolio margining of uncleared swaps, non-cleared security-based swaps, and

related positions, including on the merits, benefits, and risks of portfolio margining these types of positions, and on any regulatory, legal, and operational issues associated with portfolio margining them.

The agenda for this meeting will be available to the public and posted on the CFTC's website at <https://www.cftc.gov>. Instructions for public access to the live feed of the meeting will also be posted on the CFTC's website. In the event that the time, date, or place of this meeting changes, an announcement of the change, along with the new time, date, or place of the meeting, will be posted on the CFTC's website.

CONTACT PERSON FOR MORE INFORMATION: Christopher Kirkpatrick, Secretary of the Commodity Futures Trading Commission, 202–418–5964.

Authority: 5 U.S.C. 552b.

Dated: October 15, 2020.

Christopher Kirkpatrick,
Secretary of the Commission.

[FR Doc. 2020–23249 Filed 10–16–20; 11:15 am]

BILLING CODE 6351–01–P

DEPARTMENT OF DEFENSE

Department of the Army

Board of Visitors, United States Military Academy (USMA)

AGENCY: Department of the Army, DoD.

ACTION: Notice of open Federal advisory committee virtual meeting.

SUMMARY: The Department of the Army is publishing this notice to announce the Federal Advisory Committee Microsoft Office 365 Teams virtual meeting of the U.S. Military Academy Board of Visitors (Board). This meeting is open to the public. For additional information about the Board, please visit the committee's website at <https://www.westpoint.edu/about/superintendent/board-of-visitors>.

DATES: The United States Military Academy Board of Visitors will conduct a Microsoft Office 365 Teams virtual meeting from 10:00 a.m. to 12:00 p.m., December 1, 2020.

ADDRESSES: Microsoft Office 365 Teams virtual meeting. The U.S. Military Academy Board of Visitors meeting will be a Microsoft Office 365 Teams virtual meeting. To participate in the meeting, see the Meeting Accessibility section for instructions.

FOR FURTHER INFORMATION CONTACT: Mrs. Deadra K. Ghostlaw, the Designated Federal Officer (DFO) for the committee, in writing at: Secretary of the General

Staff, ATTN: Deadra K. Ghostlaw, 646 Swift Road, West Point, NY 10996; by email at: deadra.ghostlaw@westpoint.edu or BoV@westpoint.edu; or by telephone at (845) 938–4200.

SUPPLEMENTARY INFORMATION: The USMA BoV provides independent advice and recommendations to the President of the United States on matters related to morale, discipline, curriculum, instruction, physical equipment, fiscal affairs, academic methods, and any other matters relating to the Academy that the Board decides to consider.

Purpose of the Meeting: This is the 2020 Annual Meeting of the USMA BoV. Members of the Board will be provided updates on Academy issues. Agenda: Board Business; Middle States Commission on Higher Education (MSCHE) Reaccreditation; COVID Operations; Strategy Update: Develop Leaders of Character; Cultivate a Culture of Character Growth; Build Diverse and Effective Teams; Modernize, Sustain, and Secure; and Strengthen Partnerships.

Availability of Materials for the Meeting. A copy of the agenda or any updates to the agenda for the December 1, 2020 Microsoft Office 365 Teams virtual meeting will be available. The final version will be available at the Microsoft Office 365 Teams virtual meeting. All materials will be posted to the website after the meeting.

Meeting Accessibility: Pursuant to 5 U.S.C. 552b, as amended and 41 CFR 102–3.140 through 102–3.165, and subject to the availability of space, the meeting is open through Microsoft Office 365 Teams to the public from time in 9:45 a.m.–12:00 p.m. Persons desiring to participate in the meeting through Microsoft Office 365 Teams are required to submit their name, organization, email and telephone contact information to Mrs. Deadra K. Ghostlaw at deadra.ghostlaw@westpoint.edu not later than Wednesday, November 18, 2020. Specific instructions, for Microsoft Office 365 Teams participation in the meeting, will be provided by reply email. The meeting agenda will be available prior to the meeting on the Board's website at: <https://www.westpoint.edu/about/superintendent/board-of-visitors>.

Special Accommodations: Individuals requiring any special accommodations related to the virtual public meeting or seeking additional information about the procedures, should contact Mrs. Ghostlaw, the committee DFO, at the email address or telephone number listed in the **FOR FURTHER INFORMATION**

Compliance Requirements for Commodity Pool Operators on Form CPO–PQR, published in the **Federal Register**, 85 FR 26378 (May 4, 2020). Neither the Statutory Disqualification Final Rule nor the Form CPO–PQR rulemaking impact the estimates of the Commodity Pool Operator Annual Report IC, which remain the same.

⁸ The burden hour per response is 0.3 burden hour for an aggregate total of 0.9 burden hour for all three responses per respondent. This estimate has been rounded up to 1 burden hour for all three responses per respondent.

CONTACT section, at least seven (7) business days prior to the meeting so that appropriate arrangements can be made.

Written Comments or Statements: Pursuant to 41 CFR 102–3.105(j) and 102–3.140 and section 10(a)(3) of the Federal Advisory Committee Act, the public or interested organizations may submit written comments or statements to the Board about its mission and/or the topics to be addressed in this Microsoft Office 365 Teams virtual public meeting. Written comments or statements should be submitted to Mrs. Ghostlaw, the committee DFO, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section in the following formats: Adobe Acrobat or Microsoft Word. The comment or statement must include the author's name, title, affiliation, address, and daytime telephone number. Written comments or statements being submitted in response to the agenda set forth in this notice must be received by the committee DFO at least seven (7) business days prior to the meeting so that they may be made available to the Board for its consideration prior to the meeting. Written comments or statements received after this date may not be provided to the Board until its next meeting. Please note that because the Board operates under the provisions of the Federal Advisory Committee Act, as amended, all written comments will be treated as public documents and will be made available for public inspection.

Pursuant to 41 CFR 102–3.140d, the committee is not obligated to allow a member of the public to speak or otherwise address the committee during the meeting. However, the committee Designated Federal Official and Chairperson may choose to invite certain submitters to present their comments verbally during the open portion of this meeting or at a future meeting. The Designated Federal Officer, in consultation with the committee Chairperson, may allot a specific amount of time for submitters to present their comments verbally.

James W. Satterwhite, Jr.,

Alternate Federal Liaison Officer.

[FR Doc. 2020–23208 Filed 10–19–20; 8:45 am]

BILLING CODE 5001–03–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RD20–4–000]

Commission Information Collection Activities (FERC–725A(1B), FERC–725D, FERC–725F, FERC–725G, and FERC–725L); Comment Request; Revision

AGENCY: Federal Energy Regulatory Commission, Department of Energy.

ACTION: Notice of information collections and request for comments.

SUMMARY: In compliance with the requirements of the Paperwork Reduction Act of 1995, the Federal Energy Regulatory Commission (Commission or FERC) is soliciting public comment on revisions to the information collections FERC–725A(1B) (Mandatory Reliability Standards for the Bulk-Power System), FERC–725D (Facilities Design, Connections and Maintenance Reliability Standards), FERC–725F (Mandatory Reliability Standard for Nuclear Plant Interface Coordination), FERC–725G (Reliability Standards for the Bulk-Power System: PRC Reliability Standards), and FERC–725L (Mandatory Reliability Standards for the Bulk-Power System: MOD Reliability Standards) and submitting the information collections to the Office of Management and Budget (OMB) for review. Any interested person may file comments directly with OMB and should address a copy of those comments to the Commission as explained below.

DATES: Comments on the collections of information are due November 19, 2020.

ADDRESSES: Send written comments on the information collections to OMB through www.reginfo.gov/public/do/PRAMain. Attention: Federal Energy Regulatory Commission Desk Officer. Please identify the OMB Control Number(s) in the subject line of your comments. Comments should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain.

A copy of the comments should also be sent to the Commission, in Docket No. RD20–4–000, by any of the following methods:

- *eFiling at Commission's Website:* <http://www.ferc.gov/docs-filing/efiling.asp>.
- *U.S. Postal Service Mail:* Persons unable to file electronically may mail similar pleadings to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

- Effective 7/1/2020, delivery of filings other than by eFiling or the U.S. Postal Service should be delivered to Health and Human Services, 12225 Wilkins Avenue, Rockville, Maryland 20852.

Instructions:

OMB submissions must be formatted and filed in accordance with submission guidelines at www.reginfo.gov/public/do/PRAMain. Using the search function under the “Currently Under Review” field, select Federal Energy Regulatory Commission; click “submit,” and select “comment” to the right of the subject collection.

FERC submissions must be formatted and filed in accordance with submission guidelines at: <http://www.ferc.gov>. For user assistance, contact FERC Online Support by email at ferconlinesupport@ferc.gov, or by phone at: (866) 208–3676 (toll-free).

Docket: Users interested in receiving automatic notification of activity in this docket or in viewing/downloading comments and issuances in this docket may do so at <http://www.ferc.gov>.

FOR FURTHER INFORMATION CONTACT:

Ellen Brown may be reached by email at DataClearance@FERC.gov and telephone at (202) 502–8663.

SUPPLEMENTARY INFORMATION:

Titles: FERC–725A(1B) (Mandatory Reliability Standards for the Bulk-Power System),¹ FERC–725D (Facilities Design, Connections and Maintenance Reliability Standards), FERC–725F (Mandatory Reliability Standard for Nuclear Plant Interface Coordination), FERC–725G (Reliability Standards for the Bulk-Power System: PRC Reliability Standards), and FERC–725L (Mandatory Reliability Standards for the Bulk-Power System: MOD Reliability Standards).

OMB Control Nos.: 1902–0292 (FERC–725A(1B)); 1902–0247 (FERC–725D); 1902–0249 (FERC–725F); 1902–0252 (FERC–725G); and 1902–0261 (FERC–725L).

Type of Request: Revisions to FERC–725A(1B), FERC–725D, FERC–725F, FERC–725G, and FERC–725L information collection requirements, as discussed in Docket No. RD20–4–000.

Abstract: The Commission published a 60-day Notice requesting public comments on July 24, 2020 (85 FR

¹ The 60-day Notice also proposed changes to the FERC–725A (OMB Control No. 1902–0244) and FERC–725Z (OMB Control No. 1902–0276). However other items are pending OMB review under FERC–725A and FERC–725Z, and only one item per OMB Control No. can be pending OMB review at a time. In order to submit the proposed changes in Docket No. RD20–4–000 to OMB timely, we are submitting the proposed changes for FERC–725A and FERC–725Z to OMB under the placeholder information collection FERC–725A(1B) (OMB Control No. 1902–0292).

44875). Comments were due September 22, 2020; no comments were received.

The North American Electric Reliability Corporation (NERC) filed a petition to modify seven Reliability Standards.

On February 21, 2020, NERC filed a petition in Docket No. RD20–4–000² requesting Commission approval of:

- Reliability Standard TOP–003–4 (Operational Reliability Data),
- Reliability Standard FAC–002–3 (Facility Interconnection Studies),
- Reliability Standard NUC–001–4 (Nuclear Plant Interface Coordination),
- Reliability Standard PRC–006–4 (Automatic Underfrequency Load Shedding),
- Reliability Standard MOD–031–3 (Demand and Energy Data),
- Reliability Standard MOD–033–2 (Steady-State and Dynamic System Model Validation), and
- Reliability Standard IRO–010–3 (Reliability Coordinator Data Specification and Collection).

NERC is requesting approval of the seven proposed Reliability Standards pursuant to section 215(d)(1) of the Federal Power Act (“FPA”)³ and Section 39.5⁴ of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations. The revisions in the proposed Reliability Standards will align these standards with the previously-approved changes to the NERC registration criteria⁵ by removing reference to entities⁶ that are no longer registered with NERC. In proposed Reliability Standard PRC–006–4, NERC adds the UFLS-only Distribution Provider as an applicable entity. In two instances, NERC has proposed changes that will promote consistent use of the term Planning Coordinator across the Reliability Standards.⁷

The Commission’s request to OMB will reflect the following:

- Elimination of the burden associated with the load-serving entity (LSE) function in Requirement R5 of proposed Reliability Standard TOP–

003–4.⁸ The petition states that the currently effective standard is applicable to the transmission operator, balancing authority, generator owner, generator operator, load-serving entity, transmission owner, and distribution provider. As the load-serving entity is no longer a NERC registration category, NERC proposes to remove this entity from the applicability section of proposed Reliability Standard TOP–003–4 and remove reference to this entity in Requirement R5.⁹

- Elimination of the burden associated with the load-serving entity (LSE) function in Requirement R3 of proposed Reliability Standard FAC–002–3.¹⁰ The NERC petition states as the load-serving entity is no longer a NERC registration category, NERC proposes to remove this entity from the applicability section of proposed Reliability Standard FAC–002–3 and remove reference to this entity in Requirement R3.¹¹

- Removal of the load-serving entity (LSE) function in the applicability section of proposed Reliability Standard NUC–001–4.¹² The NERC petition states as the load-serving entity is no longer a NERC registration category, NERC proposes to remove this entity from the list of applicable transmission entities in the applicability section of proposed Reliability Standard NUC–001–4.¹³ Removing this function from the list of transmission entities will not change the estimated burden associated with this standard.

- Addition of the burden associated with UFLS-only distribution providers to proposed Reliability Standard PRC–006–4.¹⁴ The petition states that the currently effective standard is applicable to planning coordinators, “UFLS entities” (which may include transmission owners and distribution

providers that own, operate, or control UFLS equipment), and transmission owners that own certain elements. In proposed Reliability Standard PRC–006–4, NERC proposes to add the UFLS-only distribution provider as an applicable UFLS entity.¹⁵

- Elimination of the burden associated with the load-serving entity (LSE) function in Requirement R1 of proposed Reliability Standard MOD–031–3.¹⁶ The NERC petition states as the load-serving entity is no longer a NERC registration category, NERC proposes to remove this entity from the applicability section of proposed Reliability Standard MOD–031–3 and remove reference to this entity in Requirement R1, Part 1.1, where it is listed as an “Applicable Entity” for purposes of Requirements R2 and R4.¹⁷

Additionally, NERC proposes to strike the term “Planning Authority” from the applicability section of the standard and the explanatory text that follows. The preferred terminology for the responsible entity that coordinates and integrates transmission facilities and service plans, resource plans, and protection systems is “Planning Coordinator.”¹⁸ This is a terminology change and will not result in a change in burden.

- Modification of the term “Planning Authority” to “Planning Coordinator” in proposed Reliability Standard MOD–033–2.¹⁹ In the petition, NERC proposes to strike the term “Planning Authority” from the applicability section of the standard and the explanatory text that follows. The proposed change is intended to promote consistent use of “Planning Coordinator” throughout the Reliability Standards.²⁰ This is a terminology change and will not result in a change in burden.

- Elimination of the burden associated with the load-serving entity (LSE) function in Requirement R3 of proposed Reliability Standard IRO–010–3.²¹ The NERC petition states as the load-serving entity is no longer a NERC registration category, NERC proposes to

⁸ The burden associated with the current version of this standard, TOP–003–3, is included in FERC–725A.

⁹ Standards Alignment with Registration Petition at 14.

¹⁰ The burden associated with the current version of this standard, FAC–002–2, is included in FERC–725D.

¹¹ Standards Alignment with Registration Petition at 8.

¹² The burden associated with the current version of this standard, NUC–001–3, is included in FERC–725F.

¹³ Standards Alignment with Registration Petition at 12.

¹⁴ The burden associated with the Commission approved standard, PRC–006–2, is included in FERC–725G. The current version of this standard, PRC–006–3, was adopted by the NERC Board of Trustees on August 10, 2017. Reliability Standard PRC–006–3 was not submitted to the Commission for approval because it is identical to the Commission-approved version, PRC–006–2. The only change was a revision to the regional variance for the Quebec Interconnection and does not impact the requirements for entities in the United States.

¹⁵ Standards Alignment with Registration Petition at 13.

¹⁶ The burden associated with the current version of this standard, MOD–031–2, is included in FERC–725L.

¹⁷ Standards Alignment with Registration Petition at 10.

¹⁸ Standards Alignment with Registration Petition at 10.

¹⁹ The burden associated with the current version of this standard, MOD–033–1, is included in FERC–725L.

²⁰ Standards Alignment with Registration Petition at 11.

²¹ The burden associated with the current version of this standard, IRO–010–2, is included in FERC–725Z.

² The petition and exhibits are posted in the Commission’s eLibrary system in Docket No. RD20–4–000 (Standards Alignment with Registration Petition).

³ 16 U.S.C. 824o (2018).

⁴ 18 CFR 39.5 (2020).

⁵ *Order on Electric Reliability Organization Risk Based Registration Initiative and Requiring Compliance Filing*, 150 FERC ¶ 61,213 (2015); *Order on Compliance Filing*, 153 FERC ¶ 61,024 (2015).

⁶ NERC’s risk-based registration initiative resulted in the removal of the load-serving entity and purchasing-selling entity from the NERC compliance registry.

⁷ Standards Alignment with Registration Petition at 7.

remove this entity from the applicability section of proposed Reliability Standard IRO-010-3 and remove reference to this entity in Requirement R3.²²

Type of Respondents: Reliability coordinator (RC), balancing authority (BA), transmission owner (TO), transmission operator (TOP), generator owner (GO), generator operator (GOP), distribution provider (DP), UFLS-only distribution provider (UFLS-only DP), planning coordinator (PC), and transmission planner (TP).

*Estimate of Annual Burden*²³: The Commission based its estimates on the NERC compliance registry as of April 10, 2020. According to the registry, there are 12 reliability coordinators, 98 balancing authorities, 314 distribution providers, 63 UFLS-only distribution providers, 973 generator owners, 916 generator operators, 321 transmission owners, 169 transmission operators, 64 planning coordinators, and 196 transmission planners in the United States. NERC registered entities can be registered as multiple functions, and the burden estimates reflect the overlapping of functions per entity respondent.

Changes Due to Docket No. RD20-4-000

The changes proposed in Docket No. RD20-4-000 include the removal of load-serving entity from the

applicability of five Reliability Standards; addition of UFLS-only distribution provider in one Reliability Standard; and a terminology change of “planning authority” to “planning coordinator” in the applicability of two Reliability Standards. The load-serving entity function was removed from the NERC compliance registry in October 2015 as a result of the risk-based registration order.²⁴ Prior to the removal of the load-serving entity function, the NERC compliance registry in early 2015 included 446 registered load-serving entities, however, many of these entities were also registered as other functions and remained on the registry. NERC deregistered 63 load-serving entities from the compliance registry on October 15, 2015, coinciding with the Commission approval of NERC’s risk-based registration initiative.²⁵

The proposed Reliability Standard NUC-001-4 modification of removing the load-serving entity from its applicability is not a substantive change and does not require a change in burden. This is due to the current burden assumptions based on: (1) The number of nuclear plants in the United States, and (2) applicability including two transmission entities²⁶ for each nuclear plant. The removal of load-serving entity from the list of possible

transmission entities does not change these assumptions.

The Commission staff estimates the program changes, due to Docket No. RD20-4-000, for the listed information collections. Because the affected Reliability Standards were implemented at various times since Order No. 693 in March 2007, using the hourly cost estimates in effect at that time, we are being conservative and not showing cost estimates for the changes.

Adjustments, Updates, and Clarification of Estimates (Not Due to Docket No. RD20-4-000)

In addition to the changes identified in Docket No. RD20-4-000, the Commission is updating the entire burden estimates for six of the Reliability Standards. These adjustments are warranted based on updates to the number of applicable registered entities and to ensure that the burden for each applicable function is quantified with clear granularity.

The table also includes adjustments due to normal industry fluctuations (e.g., companies merging or splitting, going into or leaving the industry, or filling more or fewer roles in the NERC registry); the figures are based on the NERC registry as of April 10, 2020.

PROPOSED CHANGES TO BURDEN DUE TO DOCKET NO. RD20-4-000 AND ADJUSTMENTS AND CLARIFICATIONS²⁷

Reliability standard and requirements	Number of respondents and type of entity (1)	Annual number of responses per respondent (2)	Annual number of responses (1) * (2) = (3)	Average burden hrs. per response (4)	Total annual burden hours (3) * (4) = (5)
FERC-725A(1B), OMB Control No. 1902-0292					
TOP-003-4 (Operational Reliability Data), R1-R5, & Evidence Retention—adjustment.	– 3 (TOP & BA)	1	– 3	230	– 690
TOP-003-4 (Operational Reliability Data), R5 & Evidence Retention—program increase ²⁸ .	1,363 (GO, GOP, TO & DP)	1	1,363	8	10,904
IRO-010-3 (Reliability Coordinator Data Specification and Collection), R1-R3, Evidence Retention—adjustment.	+1 (RC)	1	1	36	+36
IRO-010-3 (Reliability Coordinator Data Specification and Collection), R3 & Evidence Retention—adjustment/clarification ²⁹ .	1,388 (BA, GO, GOP, TOP, TO & DP).	1	1,388	8	11,104

²² Standards Alignment with Registration Petition at 9.

²³ Burden is defined as the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to 5 Code of Federal Regulations 1320.3.

²⁴ Order on Electric Reliability Organization Risk Based Registration Initiative and Requiring Compliance Filing, 150 FERC ¶ 61,213 (2015); Order on Compliance Filing, 153 FERC ¶ 61,024 (2015).

²⁵ NERC posts its list of deregistered entities at the following link. <https://www.nerc.com/pa/comp/Registration%20and%20Certification%20DL/NCR%20Deregistered%20Entities.xls>

²⁶ The current Reliability Standard NUC-001-3 defines the phrase “transmission entities” as all entities that are responsible for providing services related to nuclear plant interface requirements (NPIRs). Such entities may include one or more of the following: Transmission operators, transmission owners, transmission planners, transmission service providers, balancing authorities, reliability coordinators, planning coordinators, distribution providers, load-serving entities, generator owners, and generator operators.

²⁷ The adjustments, due to normal industry fluctuations, are based on figures in the NERC registry as of April 10, 2020.

²⁸ This is not a program change (increase) due to Docket No. RD20-4-000. Rather, we are correcting an earlier oversight. It appears that the estimated

burden figures for the GO, GOP, TO and DP were inadvertently omitted from the package submitted to and approved by OMB related to the Final Rule (Order No. 817, issued 11/19/2015) in Docket No. RM15-16. The number of respondents is the current figure based on the NERC registry.

²⁹ The original Reliability Standard IRO-010-1a was included in Order No. 748 (Docket No. RM10-15) under FERC-725A. The burden for 11 RCs for IRO-010-2 (Order No. 817 in Docket No. RM15-16) was covered by FERC-725Z. Some of this burden may still be in FERC-725A (and double counted temporarily). This action is an adjustment and not related to Docket No. RD20-4-000.

PROPOSED CHANGES TO BURDEN DUE TO DOCKET NO. RD20–4–000 AND ADJUSTMENTS AND CLARIFICATIONS²⁷—
Continued

Reliability standard and requirements	Number of respondents and type of entity	Annual number of responses per respondent	Annual number of responses	Average burden hrs. per response	Total annual burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Net Sub-Total for FERC–725A(1B) .....	.....	.....	2,749 (net increase).	.....	21,354 (net increase)
FERC–725D, OMB Control No. 1902–0247					
FAC–002–3 (Facility Interconnection Studies), R1, Study—adjustment.	+20 (PC & TP)	1	+20	32	640
FAC–002–3 (Facility Interconnection Studies), R1, Evidence Retention—adjustment.	+20 (PC & TP)	1	+20	1	20
FAC–002–3 (Facility Interconnection Studies), R2–R5, Coordination—(program decrease & adjustment decrease) ³⁰ .	– 93 (TO, GO & DP) ³¹	1	– 93	16	– 1,488
FAC–002–3 (Facility Interconnection Studies), R2–R5, Evidence Retention—(program decrease & adjustment decrease) ³² .	– 93 (TO, GO & DP)	1	– 93	1 hr.	– 93
Net Sub-Total for FERC–725D .....	.....	.....	– 146 (net reduction).	.....	– 921 (net reduction)
FERC–725G, OMB Control No. 1902–0252					
PRC–006–4 (Automatic Underfrequency Load Shedding), Reporting Requirement—program decrease ³³ .	– 80 (TO & DP)	1	– 80	47	– 3,760
PRC–006–4 (Automatic Underfrequency Load Shedding), Evidence Retention—program decrease ³³ .	– 80 (TO & DP)	1	– 80	5	– 400
PRC–006–4 (Automatic Underfrequency Load Shedding), R1–R7, R11–R15, Reporting Requirement—program increase & clarification ³⁴ .	64 (PC)	1	64	47	3,008
PRC–006–4 (Automatic Underfrequency Load Shedding), R1–R7, R11–R15, Evidence Retention—program increase & clarification ³⁴ .	64 (PC)	1	64	5	320
PRC–006–4 (Automatic Underfrequency Load Shedding), R8–R10, Evidence Retention—program increase & clarification ³⁵ .	478 (TO, DP, UFLS-only DP).	1	478	5	2,390
Net Sub-Total for FERC–725G .....	.....	.....	446 (net increase)	.....	1,558 (net increase)
FERC–725L, OMB Control No. 1902–0261					
MOD–031–3 (Demand and Energy Data), Develop summary in accordance w/R1, Subparts 1.5.4 and 1.5.5—program decrease & adjustment/clarification ³⁶ .	– 561 (DP, LSE, TP & BA)	1	– 561	8	– 4,488
MOD–031–3 (Demand and Energy Data) Develop data request in accordance w/R1 and R3 & Evidence Retention—adjustment/clarification ³⁷ .	113 (PC & BA)	1	113	8	904
MOD–031–3 (Demand and Energy Data) Develop and provide data in accordance w/R2 and R4 & Evidence Retention—adjustment/clarification ³⁶ .	381 (TP, BA & DP)	1	381	8	3,048
MOD–033–2 (Steady-State Dynamic System Model Validation), R2, Data Submittal [for R2]—adjustment.	– 14 (RC & TOP) ³⁸	1	– 14	8	– 112
MOD–033–2 (Steady-State Dynamic System Model Validation), R1–R2, Evidence Retention, adjustment.	– 14 (PC, RC & TOP) ³⁹	1	– 14	1	– 14
Net Sub-Total for FERC–725L .....	.....	.....	– 95 (net reduction).	.....	– 662 (net reduction)
Net Total Program Changes ⁴⁰ .....	.....	.....	.....	.....	+8,812
Net Total Adjustments .....	.....	.....	.....	.....	+12,517
TOTAL NET CHANGES (Including Program Changes and Adjustments) ⁴⁰.	.....	.....	.....	.....	+21,329

³⁰ The reduction of 93 respondents and corresponding burden hours include 63 LSEs that were de-registered (program decrease of 1,008 hrs.) and an adjustment decrease of 30 respondents (480 hrs.) due to normal industry fluctuations.

Out of the total decrease of 1,488 hours, the program decrease of 1,008 hours [corresponding

decrease of 63 responses] is due to Docket No. RD20–4–000. The reduction of 480 hours is due to normal adjustments.

³¹ Although 1,232 entities are registered as TO, DP, or GO, we expect at the most 123 entities (ten percent) will seek to interconnect and go through the study phase that may require coordination in any given year.

³² The reduction of 93 respondents and corresponding burden hours include 63 LSEs that were de-registered (program decrease of 63 hrs., due to Docket No. RD20–4–000) and an adjustment decrease of 30 respondents (30 hrs.) due to normal industry fluctuations.

³³ The number of entities is being reduced in order to more clearly identify the applicable entities

Continued

Comments: Comments are invited on: (1) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collections of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collections; and (4) ways to minimize the burden of the collections of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

in subsequent rows in this table. As stated in the NERC Petition, "[t]he currently effective standard is applicable to Planning Coordinators, "UFLS entities" (which may include Transmission Owners and Distribution Providers that own, operate, or control UFLS equipment), and Transmission Owners that own certain Elements. In proposed Reliability Standard PRC-006-4, NERC proposes to add the UFLS-Only Distribution Provider as an applicable UFLS entity, consistent with the language in Section III(b) of Appendix 5B of the NERC Rules of Procedure (Statement of Compliance Registry Criteria) that the Reliability Standards applicable to UFLS-Only Distribution Providers includes prior effective versions of the PRC-006 standard." The changes are not due to Docket No. RD20-4-000.

³⁴ The increases are not due to Docket No. RD20-4-000. They are a program increase of 64 PCs (and the corresponding hrs.) in order to correct and clarify the estimates.

³⁵ The program increase is due to adding 63 UFLS-only DPs due to Docket No. RD20-4-000. In addition, 415 TOs and DPs were originally estimated in FERC-725A due to Order No. 693. However, the estimates and descriptions were not clearly spelled out, so we are clarifying them. As a result, there are 315 hours (63 * 5 hours) and the corresponding increase of 63 respondents of program increase due to Docket No. RD20-4-000, and 2,075 hours (415 * 5 hours) of increase due to adjustment.

³⁶ The estimates reflect a program decrease of 63 de-registered LSEs (and corresponding program decrease of 504 hrs.) related to Docket No. RD20-4-000, and an adjustment/clarification (decrease) of 498 DPs, TPs, and BAs (and corresponding decrease of 3,984 hrs.), not related to Docket No. RD20-4-000. The updated number of 381 DPs, TPs and BAs is listed in a new row clarifying their applicability with Requirements R2 and R4. Requirement R2 requires applicable entities to develop and provide data pursuant with Requirement R1.

³⁷ The 113 PCs and BAs were originally estimated in FERC-725A due to Order No. 693. However, the estimates and descriptions were not clearly spelled out, so we are clarifying them. [Some of this burden may still be in FERC-725A (and double counted temporarily).]

³⁸ The estimate is changing to 174 (from 188) due to normal industry fluctuation.

³⁹ The estimate is changing to 188 (from 194) due to normal industry fluctuation.

⁴⁰ The net total program changes due to Docket No. RD20-4-000 result in a decrease of 1,260 hours and decrease of 126 respondents.

Dated: October 13, 2020.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2020-23059 Filed 10-19-20; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following exempt wholesale generator filings:

Docket Numbers: EG21-6-000.

Applicants: Harts Mill TE Holdings LLC.

Description: Notice of Self-Certification as an Exempt Wholesale Generator of Harts Mill TE Holdings LLC.

Filed Date: 10/14/20.

Accession Number: 20201014-5006.

Comments Due: 5 p.m. ET 11/4/20.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER20-17-003.

Applicants: Tenaska Pennsylvania Partners, LLC.

Description: Report Filing: Refund Report—Informational Filing to be effective N/A.

Filed Date: 10/14/20.

Accession Number: 20201014-5055.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER20-2453-001.

Applicants: Hamilton Patriot LLC.

Description: Compliance filing: Amendment to Notice of Succession to be effective 7/18/2020.

Filed Date: 10/14/20.

Accession Number: 20201014-5064.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-98-000.

Applicants: Baltimore Gas and Electric Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: BGE submits Revisions to PJM Tariff, H-2A re: Depreciation filing re: ER20-1929 to be effective 11/1/2020.

Filed Date: 10/13/20.

Accession Number: 20201013-5346.

Comments Due: 5 p.m. ET 11/3/20.

Docket Numbers: ER21-99-000.

Applicants: DesertLink, LLC.

Description: Compliance filing: Annual TRBAA Filing to be effective 1/1/2021.

Filed Date: 10/14/20.

Accession Number: 20201014-5034.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-100-000.

Applicants: Gulf Power Company.

Description: § 205(d) Rate Filing: Facility Construction Agreement for Affected System Project to be effective 10/7/2020.

Filed Date: 10/14/20.

Accession Number: 20201014-5075.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-101-000.

Applicants: California Independent System Operator Corporation.

Description: § 205(d) Rate Filing: 2020-10-14 EIM Entity Agreement—Los Angeles Dept of Water and Power—LADWP to be effective 1/20/2021.

Filed Date: 10/14/20.

Accession Number: 20201014-5088.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-102-000.

Applicants: Southwest Power Pool, Inc.

Description: § 205(d) Rate Filing: Generator Retirement Process Tariff Revisions to be effective 1/1/2021.

Filed Date: 10/14/20.

Accession Number: 20201014-5091.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-103-000.

Applicants: Horizon Power and Light LLC.

Description: Baseline eTariff Filing: Horizon Power and Light, LLC Updated Market-Based Rate Tariff to be effective 12/13/2020.

Filed Date: 10/14/20.

Accession Number: 20201014-5093.

Comments Due: 5 p.m. ET 11/4/20.

Docket Numbers: ER21-104-000.

Applicants: Basin Electric Power Cooperative, Southwest Power Pool, Inc.

Description: § 205(d) Rate Filing: Basin Electric Power Cooperative Formula Rate to be effective 1/1/2020.

Filed Date: 10/14/20.

Accession Number: 20201014-5109.

Comments Due: 5 p.m. ET 11/4/20.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

Any person desiring to intervene 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: October 14, 2020.
Nathaniel J. Davis, Sr.,
Deputy Secretary.
 [FR Doc. 2020–23200 Filed 10–19–20; 8:45 am]
BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. AD20–18–000]

Offshore Wind Integration in RTOs/ISOs; Supplemental Notice of Technical Conference

As first announced in the Notice of Technical Conference issued in this

proceeding on June 17, 2020, the Federal Energy Regulatory Commission (Commission) will convene a staff-led technical conference in the above referenced proceeding on Tuesday, October 27, 2020, from 9:00 a.m. to 4:30 p.m. (ET).¹ The conference will be held virtually and will be webcast. Commissioners may attend and participate. This conference will consider whether and how existing regional transmission organization (RTO) and independent system operator (ISO) interconnection, merchant transmission and transmission planning frameworks can accommodate anticipated growth in offshore wind generation in an efficient or cost-

effective manner that safeguards open access transmission principles. The conference also will provide an opportunity for participants to discuss possible changes or improvements to the current regulatory frameworks that may accommodate such growth. Attached to this Supplemental Notice is an agenda for the technical conference, which includes the final conference program and speakers.

We note that discussions at the conference may involve issues raised in proceedings that are currently pending before the Commission. These proceedings include, but are not limited to:

	Docket Nos.
<i>Constellation Mystic Power, LLC v. ISO New England Inc</i>	EL20–52–000, EL20–52–001.
Midcontinent Independent System Operator, Inc.	ER20–940–002.
Midcontinent Independent System Operator, Inc. and Southwest Power Pool, Inc.	ER20–943–002.
Midcontinent Independent System Operator, Inc.	ER20–942–002.
Midcontinent Independent System Operator, Inc.	ER20–2788–000.
New York Independent System Operator Inc.	EL20–65–000.
PJM Interconnection, L.L.C.	ER20–939–001.
PJM Interconnection, L.L.C. and Midcontinent Independent System Operator, Inc.	ER20–944–002.
PJM Interconnection, L.L.C.	ER20–2308–000.
Southwest Power Pool, Inc.	ER20–945–001.
Vineyard Wind LLC	ER19–570–000.

There is no fee for attendance, and the conference is open for the public to attend via webcast. Information on this technical conference, including a link to the webcast, will be posted on the conference's event page on the Commission's website (<https://www.ferc.gov/news-events/events/technical-conference-regarding-offshore-wind-integration-rtoisos-docket-no-ad20>) prior to the event. The conference will be transcribed. Transcripts of the conference will be available for a fee from Ace-Federal Reporters, Inc. (202–347–3700). For more information about this technical conference, please contact:

Sarah McKinley (Logistical Information), Office of External Affairs, (202) 502–8004, sarah.mckinley@ferc.gov

David Rosner (Technical Information), Office of Energy Policy and Innovation, (202) 502–8479, david.rosner@ferc.gov

Rishi Garg (Legal Information), Office of the General Counsel, (202) 502–8667, rishi.garg@ferc.gov

Dated: October 14, 2020.

Kimberly D. Bose,
Secretary.

Staff-Led Technical Conference on Offshore Wind Integration in RTOs/ISOs

Docket No. AD20–18–000

October 27, 2020

Agenda and Speakers

9:00 a.m.–9:15 a.m.: Welcome and Opening Remarks

9:15 a.m.–10:45 a.m.: Panel 1:
 Background on the U.S. Offshore Wind Industry in RTO/ISO Markets
Judy Chang, Undersecretary of Energy, State of Massachusetts, Massachusetts Executive Office of Energy and Environmental Affairs
Carrie Cullen Hitt, Executive Director, National Offshore Wind Research and Development Consortium
Johannes Pfeifenberger, Principal, The Brattle Group
Casey Reeves, Project Coordinator, U.S. Department of Interior, Bureau of Ocean Energy Management
Gabe Tabak, Counsel, American Wind Energy Association

This panel will provide an overview of factors driving interest in the development and integration of offshore

wind generation in the RTO/ISO regions, and will outline potential models for grid integration to meet anticipated growth in offshore wind generation. The panel will include a discussion of the following topics and questions:

1. What factors are driving interest in the development and integration of offshore wind generation in the RTO/ISO regions?

2. What is the status of state policy targets regarding the procurement of offshore wind generation? How do state procurement processes for offshore wind generation account for Commission rules and RTO/ISO processes for interconnection, merchant transmission and transmission planning? Are there any state-level regulatory challenges surrounding offshore wind generator interconnection, merchant transmission and transmission planning that Commission staff should be aware of?

3. There are likely many challenges and opportunities facing efficient or cost-effective integration of offshore wind generation. Where do interconnection, merchant transmission and transmission planning rank among these?

¹ 18 CFR 2.1(a)(1)(xi) (2020).

4. What are the various conceptual models being considered in the short and long terms for the interconnection of, and transmission for, offshore wind generation? What are the major challenges and opportunities associated with these various conceptual models, and which of these may be viable paths forward to developing sufficient transmission infrastructure in RTOs/ISOs to accommodate anticipated growth in offshore wind generation? Are these various conceptual models consistent with existing Commission regulatory frameworks? If not, what are the impediments?

5. What is the current procedure for obtaining offshore wind leases from the Bureau of Ocean Energy Management (BOEM), and how does the wind leasing process influence interconnection and transmission development needs? Is BOEM considering any changes to that process going forward? How do BOEM's processes interact with the Commission's regulatory frameworks or RTO/ISO processes for interconnection, merchant transmission and transmission planning? Do the Commission's regulatory frameworks and/or RTO/ISO processes present any impediments in these areas? If so, what are the impediments?

6. What is the current state of development of various transmission technologies related to offshore wind generation, including AC and DC technologies?

7. How might innovations in offshore wind generation impact the amount of generation additions expected in the future? Similarly, how might innovations in transmission technologies impact RTO/ISO approaches to integrating anticipated offshore wind generation?

10:45 a.m.–11:00 a.m.: Break

11:00 a.m.–1:00 p.m.: Panel 2:

Transmission Planning and
Coordination for Integration of
Offshore Wind Generation

*Robert Ethier, Director, System
Planning, ISO-New England*

*Larry Gasteiger, Executive Director,
WIRES*

*Sebastian Libonatti, Vice President,
Business Development, Avangrid
Networks*

*Anne Marie McShea, Head of
Offshore Wind Business
Development: New York—
MidAtlantic Region, OW Ocean
Winds*

*Stuart Nachmias, President and CEO,
Con Edison Transmission, Inc.*

*Zachary Smith, Vice President,
System and Resource Planning,
New York Independent System*

Operator

*Robert Snook, Assistant Attorney
General, Connecticut Office of the
Attorney General*

This panel will explore whether and how existing transmission planning processes consider onshore and offshore transmission projects to integrate anticipated generation resources, whether these transmission projects should be considered through another mechanism, and whether the Order No. 1000 interregional coordination provisions facilitate development of transmission projects to integrate remote generation that can potentially serve multiple RTOs/ISOs. The panel will include a discussion of the following topics and questions:

1. Do existing RTO/ISO transmission planning and cost allocation processes—including public policy planning requirements, interregional coordination, and other approaches—accommodate the anticipated need for transmission to integrate offshore wind generation? If not, why not? Are there existing impediments? If so, what are they? How does the answer differ, if at all, in the short term (e.g., by 2030) and long term (e.g., after 2030)?

2. Staff is aware of various transmission development options for integrating offshore wind generation. Among others, these include: (1) The conventional approach in which Interconnection Customer Interconnection Facilities and Network Upgrades are developed in tandem with new generator interconnection requests, and either sized to accommodate a single generation facility or sized to maximize the export capability on a radial line given the anticipated development of additional generation in the same area; and (2) a “transmission first” approach in which large-scale transmission facilities, including an extension of the transmission system and/or expansion of capacity within existing facilities, are constructed onshore and/or offshore for anticipated generation in order to realize economies of scale. The Commission's regulatory frameworks, except perhaps the merchant transmission framework, do not include a “transmission first” approach. Do the Commission's regulatory frameworks and/or RTO/ISO processes present any impediments to these options? If so, what are the impediments? What opportunities or potential efficiencies, if any, do these or other approaches offer?

3. Should “transmission first” facilities be considered through a dedicated planning process designed for offshore wind generation? If so, how

would that process work and relate to existing interconnection, merchant transmission and transmission planning processes? Are there any impediments or advantages/disadvantages to using a dedicated process?

4. When considering proposed transmission projects to integrate anticipated growth in offshore wind generation pursuant to RTO/ISO transmission planning and cost allocation processes, how would the benefits be considered? Are potential co-benefits, such as improved reliability or greater capacity to integrate other resources, of the proposed transmission projects, considered? If not, why not? What are the impediments to such consideration?

1:00 p.m.–2:00 p.m.: Lunch

2:00 p.m.–3:30 p.m.: Panel 3:

Interconnection of Offshore Wind
via Generator and Merchant
Transmission Interconnection
Processes

*Jessica Lau, Senior Technical Project
Manager, Grid Systems, National
Renewable Energy Laboratory*

*Alan McBride, Director, Transmission
Services and Resource
Qualification, ISO-NE*

*Theodore Paradise, Senior Vice
President, Transmission Strategy &
Counsel, Anbaric Development
Partners, LLC*

*Kenneth Seiler, Vice President—
Planning, PJM Interconnection
Abraham Silverman, General
Counsel, New Jersey Board of Public
Utilities*

*Jon Wellingshoff, CEO, Grid Policy, Inc.
Eric Wilkinson, Energy Policy Analyst,
North America, Orsted*

This panel will explore whether and how existing RTO/ISO generator interconnection and transmission interconnection frameworks could accommodate anticipated growth in offshore wind generation in the short and long terms and, if not, consider the nature of any impediments. The panel will include a discussion of the following topics and questions:

1. To what extent do existing RTO/ISO merchant transmission rules accommodate a “transmission first” approach for the development of onshore and/or offshore transmission facilities that may be needed to integrate offshore wind generation?

2. What are the potential advantages or disadvantages of using a merchant transmission approach—in which the developer assumes all risks associated with the transmission project and charges negotiated transmission rates—to develop transmission for anticipated offshore wind generation? How do these

potential advantages or disadvantages compare to those of the conventional interconnection, merchant transmission and/or transmission planning? Is one approach more likely to lead to integrated offshore wind generation development?

3. Are there any challenges associated with using the merchant transmission model where subscribing generation has not yet been identified? What types of injection rights may be appropriate for merchant transmission projects that have not yet identified all interconnecting offshore wind generation?

4. If RTO/ISO merchant transmission frameworks were to be used, what milestones currently exist or should be established if such a framework were to apply to transmission facilities for offshore wind generation? At what point in the merchant transmission interconnection process should an offshore transmission project be required to demonstrate that it has contracted with offshore wind generation?

5. What steps must an offshore or onshore merchant transmission developer complete to meet site control requirements? Does a merchant transmission developer need full site control of onshore connections as well as the offshore lease area? Are the existing merchant transmission rules pertaining to partial vs. full site control creating any impediments for offshore wind generation? If so, what are the impediments? Do the requirements for site control in RTO/ISO processes for generator interconnection and merchant transmission interconnection differ? If so, how? If so, does that difference create impediments for offshore wind generation?

6. Should the current criteria for granting negotiated rate authority to merchant transmission developers be adjusted to consider potential market power concerns that may emerge from unique attributes of offshore wind generation (e.g., a limited number of points of interconnection)?

7. When merchant transmission developers select and interconnect offshore wind generation, what factors do they consider, and which are most important (e.g., available landing points, existing interconnection infrastructure, existing system capacity for injections, etc.)? What are the benefits of being a first mover with regards to merchant transmission interconnection? Are there any impediments under the merchant transmission framework to the development of offshore wind generation? If so, what are the

impediments? What are the best ways to reduce or eliminate the impediments?

8. Are existing dynamic modeling data requirements adequate for increased penetration of inverter-based wind generation and offshore transmission projects, under either conventional transmission planning processes or merchant transmission frameworks? Are there specific improvements that would have to be made to data requirements or transmission planning assumptions regarding dynamic modeling to accommodate a “transmission first” approach?

3:30 p.m.–3:45 p.m.: Break

3:45 p.m.–4:45 p.m.: Panel 4:

Alternative Models for Offshore Wind Transmission

Jeff Billinton, Director, Transmission Infrastructure Planning, California ISO

James Cotter, General Manager, American Offshore Wind, Shell New Energies

Beth Garza, Senior Fellow, Electricity Policy, R Street Institute

Michael Goggin, Business Network for Offshore Wind and Vice President, Grid Strategies, LLC

Kim Hanemann, SVP & Chief Operating Officer, Public Service Electric & Gas Company

Jan Papsch, Team Lead Electricity, European Commission, Directorate General for Energy

This panel will explore potential alternative models for building transmission that may be needed to accommodate anticipated growth in offshore wind generation. The panel will include a discussion of the following topics and questions:

1. In an ideal world, what would a model for transmission development that could accommodate anticipated growth in offshore wind generation look like? Could this be achieved under existing RTO/ISO approaches? If not, what are the impediments?

2. Are there examples of existing interconnection, merchant transmission, and/or transmission planning processes for accessing remote onshore generation resources that could be adapted to the offshore wind context? If so, how?

3. What reforms would you recommend that the Commission consider pursuing to facilitate the efficient or cost-effective integration of anticipated offshore wind generation in RTOs/ISOs, including potential modifications of the existing interconnection, merchant transmission, and/or transmission planning processes, or other potential changes?

4. Are there existing or anticipated state legislative efforts related to

transmission development for offshore wind generation? Are these efforts consistent with existing RTO/ISO tariffs and the Commission's existing regulatory frameworks?

5. Which aspects of the interconnection, merchant transmission, and/or transmission planning and cost allocation processes related to offshore wind generation used in European markets could be adapted to or inform the U.S. framework?

4:45 p.m.–5:00 p.m.: Closing Remarks

[FR Doc. 2020–23157 Filed 10–19–20; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 13417–008]

Western Technical College; ReNew Hydro Power, LLC; Notice of Application for Transfer of License and Soliciting Comments, Motions To Intervene, and Protests

On September 14, 2020, Western Technical College (transferor) and ReNew Hydro Power, LLC (transferee) filed jointly an application for the transfer of license of the Angelo Dam Hydroelectric Project No. 13417. The project is located on the La Crosse River, Monroe County, Wisconsin.

The applicants seek Commission approval to transfer the license for the Angelo Dam Hydroelectric Project from the transferor to the transferee.

Applicants Contact: For transferor: Roger Stanford, President, Western Technical College, 400 7th St. N, La Crosse, WI 54601, Phone: (608) 785–9123.

For transferee: Christopher or Beth Cutts, Manager, ReNew Hydro Power, LLC, W7547 County Road P., Wild Rose, WI 54984, Phone: (920) 765–2193.

FERC Contact: Anumzziatta Purchiaroni, (202) 502–6191, Anumzziatta.purchiaroni@ferc.gov.

Deadline for filing comments, motions to intervene, and protests: 30 days from the date that the Commission issues this notice. The Commission strongly encourages electronic filing. Please file comments, motions to intervene, and protests using the Commission's eFiling system at <http://www.ferc.gov/docs-filing/efiling.asp>. Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at <http://www.ferc.gov/docs-filing/ecomment.asp>. You must include your name and contact information at the end of your comments. For assistance,

please contact FERC Online Support at FERCOnlineSupport@ferc.gov, (866) 208-3676 (toll free), or (202) 502-8659 (TTY).

In lieu of electronic filing, you may submit a paper copy. Submissions sent via U.S. Postal Service must be addressed to, Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to, Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number P-13417-008. Comments emailed to Commission staff are not considered part of the Commission record.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://ferc.gov>) using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. At this time, the Commission has suspended access to the Commission's Public Reference Room, due to the proclamation declaring a National Emergency concerning the Novel Coronavirus Disease (COVID-19), issued by the President on March 13, 2020. For assistance, contact the Federal Energy Regulatory Commission at FERCOnlineSupport@ferc.gov or call toll-free, (866) 208-3676 or TTY, (202) 502-8659.

Dated: October 14, 2020.

Kimberly D. Bose,
Secretary.

[FR Doc. 2020-23158 Filed 10-19-20; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Docket Number: PR20-70-001.

Applicants: Regency Intrastate Gas LP.

Description: Tariff filing per 284.123(b),(e): Revised Operating Statement to be effective 6/2/2020.

Filed Date: 10/13/2020.

Accession Number: 202010135157.

Comments/Protests Due: 5 p.m. ET 11/3/2020.

Docket Numbers: RP20-1229-001.

Applicants: Cheniere Corpus Christi Pipeline, LP.

Description: Tariff Amendment: Housekeeping Supplemental Filing to be effective 10/28/2020.

Filed Date: 10/13/20.

Accession Number: 20201013-5193.

Comments Due: 5 p.m. ET 10/26/20.

Docket Numbers: RP21-53-000.

Applicants: Panhandle Eastern Pipe Line Company, LP.

Description: § 4(d) Rate Filing: Housekeeping Filing on 10-13-20 to be effective 11/13/2020.

Filed Date: 10/13/20.

Accession Number: 20201013-5151.

Comments Due: 5 p.m. ET 10/26/20.

Docket Numbers: RP21-54-000.

Applicants: El Paso Natural Gas Company, L.L.C.

Description: § 4(d) Rate Filing: Non-Conforming Agreements Update (NMG) to be effective 1/1/2021.

Filed Date: 10/13/20.

Accession Number: 20201013-5165.

Comments Due: 5 p.m. ET 10/26/20.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

Any person desiring to intervene 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: October 14, 2020.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

[FR Doc. 2020-23205 Filed 10-19-20; 8:45 am]

BILLING CODE 6717-01-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-10015-95-Region 1]

2020 Annual Meeting of the Ozone Transport Commission

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice; meeting.

SUMMARY: The United States Environmental Protection Agency (EPA) is announcing the 2020 Annual Meeting of the Ozone Transport Commission (OTC). The meeting agenda will include topics regarding reducing ground-level ozone precursors.

DATES: The meeting will be held on November 18, 2020 starting at 9 a.m. and ending at noon.

ADDRESSES: Virtual meeting. Further information on the details for the virtual public meeting will be available at <http://www.otcair.org>.

FOR FURTHER INFORMATION CONTACT:

For documents and press inquiries contact: Ozone Transport Commission, 89 South St., Suite 602, Boston, MA 02111; (617) 259-2005; email: ozone@otcair.org; website: <http://www.otcair.org>.

For registration: To register for the virtual meeting, please use the online registration form available at <http://www.otcair.org>, or contact the OTC at (617) 259-2005 or by email at ozone@otcair.org.

SUPPLEMENTARY INFORMATION: The Clean Air Act Amendments of 1990 contain Section 184 provisions for the Control of Interstate Ozone Air Pollution. Section 184(a) establishes an Ozone Transport Region (OTR) comprised of the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, parts of Virginia and the District of Columbia. The purpose of the OTC is to address ground-level ozone formation, transport, and control within the OTR.

Type of Meeting: Open.

Agenda: Copies of the final agenda will be available from the OTC office (617) 259-2005; by email: ozone@otcair.org or via the OTC website at <http://www.otcair.org>.

Dated: October 14, 2020.

Dennis Deziel,

Regional Administrator, EPA Region 1.

[FR Doc. 2020-23122 Filed 10-19-20; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OAR-2020-0442; FRL-10014-36-OAR]

Approval of the Request for Other Use of Phosphogypsum by the Fertilizer Institute

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is approving, subject to certain conditions, a request by The Fertilizer Institute for use of phosphogypsum in government road projects. This decision and supporting information is being made available to the public through this notice. Under the Clean Air Act, the EPA may approve a request for other use of phosphogypsum if it determines that the proposed use is at least as protective of human health as placement in a stack, which is the designated management method. With this approval, and in accordance with its terms and conditions, government entities may use phosphogypsum for road construction projects.

DATES: October 20, 2020.

FOR FURTHER INFORMATION CONTACT:

Jonathan P. Walsh, Radiation Protection Division, Office of Radiation and Indoor Air, Mail Code 6608T, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 343-9238; fax number: (202) 343-2304; email address: walsh.jonathan@epa.gov.

Organization of this document. The information in this notice is organized as follows:

- I. General Information
 - A. How can I get copies of this document and other related information?
- II. Background and Overview of Decision
 - A. The EPA's 1992 Risk Assessment
 - B. Request by The Fertilizer Institute
 - C. TFI's Risk Assessment
 - D. Terms and Conditions of the Approval

SUPPLEMENTARY INFORMATION:**I. General Information**

A. How can I get copies of this document and other related information?

1. *Docket.* The EPA has established a docket for this action under Docket ID No. EPA-HQ-OAR-2020-0442. Publicly available docket materials are available either electronically through www.regulations.gov or in hard copy at the Air and Radiation Docket in the EPA Docket Center, (EPA/DC) EPA West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566-1744, and the telephone number for the Air and Radiation Docket is (202) 566-1742.

2. *Electronic Access.* You may access this **Federal Register** document electronically from the Government

Printing Office under the "**Federal Register**" listings at FDSys (<http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR>).

II. Background and Overview of Decision

Phosphogypsum stacks are large piles of waste from wet acid phosphorous production. There are more than 60 stacks of phosphogypsum located in 13 different states. The majority of these stacks are located in the southeastern region of the United States. Because the phosphate ore used to produce the phosphoric acid contains relatively high concentrations of uranium and radium, phosphogypsum stacks also contain high concentrations of these elements. The presence of radium in the stacks causes them to release radon gas into the atmosphere.

The EPA regulates the management of phosphogypsum based on its elevated levels of radium and its decay products, including radon gas, which is classified as a hazardous air pollutant under the Clean Air Act. As required by 40 CFR part 61, subpart R (hereafter "Subpart R"), phosphogypsum must be disposed of in engineered piles, called stacks, with the exception of limited use for agricultural and research purposes. In addition, applicants may request approval of other uses of phosphogypsum by following the process prescribed in 40 CFR 61.206.

A. The EPA's 1992 Risk Assessment

The EPA initially established the requirement that phosphogypsum be placed into stacks without any exceptions (54 FR 51674, December 15, 1989). In response to petitions for reconsideration, the EPA re-evaluated the risks of selected applications of phosphogypsum against the risks from stacking (57 FR 23305, June 3, 1992).¹ The EPA determined that the use of phosphogypsum in limited agricultural and indoor research activities could be as protective of human health, in the short- and long-term, as stacking. These approved uses were incorporated into Subpart R at 40 CFR 61.204-205.

The EPA also assessed the use of phosphogypsum in road construction. While the risks were found to be acceptable from most of the exposure scenarios analyzed, the potential risks to residents of dwellings constructed on an abandoned road were calculated to be unacceptably high. The EPA therefore did not approve road construction as a categorical use of phosphogypsum. The

EPA did, however, define in 40 CFR 61.206 a process to request approval of other uses of phosphogypsum, including a risk assessment demonstrating that the proposed use is at least as protective of human health, in the short- and long-term, as placement in a stack. As stated in the preamble to the final rule, the measure of protectiveness is lifetime risk of fatal cancer to individuals. In connection with the removal of phosphogypsum from stacks for authorized uses, the EPA incorporated sampling, certification, and record-keeping requirements into Subpart R at 40 CFR 61.207 through 61.209.

B. Request by The Fertilizer Institute

On October 15, 2019, The Fertilizer Institute (TFI) submitted its initial "Request for Approval of Additional Uses of Phosphogypsum Pursuant to 40 CFR 61.206," requesting that EPA approve the use of phosphogypsum in road construction. Subsequently, on April 7, 2020, TFI submitted, on behalf of its members that own or operate phosphogypsum stacks, a revised request: "Revised Request for Approval of Additional Uses of Phosphogypsum Pursuant to 40 CFR 61.206: Use in Road Construction Projects Authorized by Federal, State and Local Departments of Transportation or Public Works."

TFI requested that phosphogypsum be approved specifically for government road projects authorized by federal, state and local Departments of Transportation (DOT) or Public Works (PW), and conducted as part of a government road project using appropriate, generally accepted road construction standards and specifications such as ASTM,² Federal Highway Administration, federal or state DOT standards and specifications, or standards developed or approved in consultation with the appropriate regulatory DOT or PW authorities. Notably, as envisioned by the request, the submitter of the request (TFI) would not be the entity using the phosphogypsum, although its members may supply the phosphogypsum to the end user (*i.e.*, the government agency responsible for the road construction project). To address this situation, the terms and conditions of the approval require that the phosphogypsum supplier (stack owner or operator) and the end user each provide information to the EPA, as appropriate, prior to removal of phosphogypsum from the stack.

TFI estimates that the cost of transportation would make the use of

¹ "Potential Uses of Phosphogypsum and Associated Risks: Background Information Document," EPA 402-R92-002, May 1992.

² Formerly the American Society for Testing and Materials, now ASTM International.

phosphogypsum uneconomical at distances greater than about 200 miles from a stack.³ In that case, the regional distribution of phosphogypsum stacks suggests that its use for road construction would likely be concentrated in the southeastern part of the country but could also occur in western states such as Idaho and Wyoming.

C. TFI's Risk Assessment

As required by Subpart R, TFI submitted a risk assessment as part of its request.⁴ The risk assessment assessed potential exposures to individuals in various scenarios involving road users, nearby residents, and road construction workers. TFI's exposure scenarios and modeling approaches were largely consistent with the EPA's 1992 analysis, as were the overall results.

The EPA finds TFI's risk assessment to adequately demonstrate that the use of phosphogypsum in road construction will be at least as protective of human health, in the short- and long-term, as stacking.⁵ However, as in 1992, the EPA remains concerned about potential exposures should the road become abandoned, particularly for a residence built on road material containing phosphogypsum. The EPA does not agree that TFI's assumptions in its analysis of this scenario, such as the use of radon resistant home construction techniques, could be relied upon to limit the potential risks to a future residential individual from such an occurrence. In this case, however, the EPA believes that this risk can be acceptably mitigated by including appropriate terms and conditions in the approval.

In defining its request and exposure scenarios, TFI's risk assessment assumes certain limitations involving the construction and placement of roads. For example, phosphogypsum incorporated into the road base and the road surface is limited in its radium-226 concentration and is assumed to be mixed with other materials in limited proportions. The terms and conditions of the approval reflect these assumptions and limitations.

D. Terms and Conditions of the Approval

The EPA has determined that, subject to the terms and conditions summarized below, phosphogypsum may be removed from stacks and used in government road projects, as requested by TFI. This approval to use phosphogypsum in road construction does not authorize the removal of any phosphogypsum from any stacks or the use of any phosphogypsum for road construction unless and until the information required by the "Initial Conditions," below, is provided to EPA. Only after such information is provided to EPA, may phosphogypsum be removed from stacks and used in road construction, further provided that the conditions expressed in "Other Conditions," below, continue to be met. A complete listing of the terms and conditions applicable to this approval may be found in the approval letter.⁶ Additional supporting documentation, such as the complete TFI request and risk assessment, are also in the docket.

1. Initial Conditions

Prior to the distribution and/or use of phosphogypsum for any government road project, the owner or operator of the stack from which phosphogypsum is to be distributed or the governmental entity responsible for building and maintaining the road, as appropriate, must submit to the Agency all information required by 40 CFR 61.206(b), as more specifically described in the approval letter.

2. Other Conditions⁷

Subsequent to the provision of the initial required information to EPA, phosphogypsum may be used in government road projects in accordance with additional conditions, as stated in the approval letter, including, for example, conditions related to:

- Continued control, maintenance, and use of the road;
- Sampling, certification, and record-keeping requirements in 40 CFR 61.206(d) and 61.207 through 61.209;
- Construction of the road consistent with the assumptions, scenarios, limitations, and parameters analyzed in TFI's risk assessment, including an average radium content of no more than 35 pCi/g, no more than 2.25% PG by weight in surface pavement and no more than 50% PG by weight in the road base; and
- Notification and availability of information for the public and road construction workers on the use of phosphogypsum in the road project.

Any use of phosphogypsum not consistent with the terms and conditions and any other limitations set forth in this approval shall be construed as unauthorized distribution of phosphogypsum and may constitute a violation of or noncompliance with 40 CFR part 61, subpart R. This approval is pursuant to Subpart R promulgated under the authority of the Clean Air Act. This approval does not relieve TFI, phosphogypsum stack owners or operators or resellers, retailers, distributors, or end users or other entities handling, processing or using phosphogypsum of responsibility to comply with other applicable laws and regulations.

Andrew Wheeler,
Administrator.

[FR Doc. 2020-23154 Filed 10-19-20; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPPT-2020-0077; FRL-10015-81]

Certain New Chemicals; Receipt and Status Information for September 2020

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: EPA is required under the Toxic Substances Control Act (TSCA), as amended by the Frank R. Lautenberg Chemical Safety for the 21st Century Act, to make information publicly available and to publish information in the **Federal Register** pertaining to submissions under TSCA Section 5, including notice of receipt of a Premanufacture notice (PMN), Significant New Use Notice (SNUN) or Microbial Commercial Activity Notice (MCAN), including an amended notice or test information; an exemption

³ "Economic Analysis of Phosphogypsum Reuse," prepared for TFI by Policy Navigation Group, submitted as Appendix 6 to TFI's Revised Request, December 2019, page 19.

⁴ "Radiological Risk Assessment in Support of Petition for Beneficial Use of Phosphogypsum," prepared for TFI by Arcadis Canada Inc., submitted as Appendix 2 to TFI's Revised Request, October 2019.

⁵ "Review of the Radiological Risk Assessment Submitted in Support of Request for Approval of Other Use of Phosphogypsum," October 2019, The Fertilizer Institute.

⁶ Letter from Andrew Wheeler, Administrator, Environmental Protection Agency, to Corey Rosenbusch, President and CEO, The Fertilizer Institute, Docket No. EPA-HQ-OAR-2020-0442.

⁷ In addition to the information required by 40 CFR 61.206(b), as noted in connection with the "Initial Conditions," the "Other Conditions" include conditions associated with the requirements of 40 CFR 61.206(d) and 61.207-61.209; conditions inherent in the nature of or limitations or assumptions associated with TFI's request; and conditions imposed under the EPA's authority and discretion under 40 CFR 61.206(e). The EPA believes that these conditions are either required by 40 CFR part 61, subpart R or are reasonably appropriate to help provide continued assurance that the use is at least as protective as disposal of phosphogypsum in stacks and will ensure that the removal of phosphogypsum from stacks and use in government road projects will be consistent with TFI's request and will occur with public notice and appropriate information availability.

application (Biotech exemption); an application for a test marketing exemption (TME), both pending and/or concluded; a notice of commencement (NOC) of manufacture (including import) for new chemical substances; and a periodic status report on new chemical substances that are currently under EPA review or have recently concluded review. This document covers the period from 09/01/2020 to 09/30/2020.

DATES: Comments identified by the specific case number provided in this document must be received on or before November 19, 2020.

ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA-HQ-OPPT-2020-0077, and the specific case number for the chemical substance related to your comment, through the Federal eRulemaking Portal at <http://www.regulations.gov>. Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Due to the public health concerns related to COVID-19, the EPA Docket Center (EPA/DC) and Reading Room is closed to visitors with limited exceptions. The staff continues to provide remote customer service via email, phone, and webform. For the latest status information on EPA/DC services and docket access, visit <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information contact: Jim Rahai, Information Management Division (MC 7407M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-8593; email address: rahai.jim@epa.gov.

For general information contact: The TSCA-Hotline, ABVI-Goodwill, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (202) 554-1404; email address: TSCA-Hotline@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. What action is the Agency taking?

This document provides the receipt and status reports for the period from 09/01/2020 to 09/30/2020. The Agency is providing notice of receipt of PMNs, SNUNs and MCANs (including amended notices and test information); an exemption application under 40 CFR

part 725 (Biotech exemption); TMEs, both pending and/or concluded; NOCs to manufacture a new chemical substance; and a periodic status report on new chemical substances that are currently under EPA review or have recently concluded review.

EPA is also providing information on its website about cases reviewed under the amended TSCA, including the section 5 PMN/SNUN/MCAN and exemption notices received, the date of receipt, the final EPA determination on the notice, and the effective date of EPA's determination for PMN/SNUN/MCAN notices on its website at: <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/status-pre-manufacture-notices>. This information is updated on a weekly basis.

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

Under the Toxic Substances Control Act (TSCA), 15 U.S.C. 2601 *et seq.*, a chemical substance may be either an "existing" chemical substance or a "new" chemical substance. Any chemical substance that is not on EPA's TSCA Inventory of Chemical Substances (TSCA Inventory) is classified as a "new chemical substance," while a chemical substance that is listed on the TSCA Inventory is classified as an "existing chemical substance." (See TSCA section 3(11).) For more information about the TSCA Inventory please go to: <https://www.epa.gov/tsca-inventory>.

Any person who intends to manufacture (including import) a new chemical substance for a non-exempt commercial purpose, or to manufacture or process a chemical substance in a non-exempt manner for a use that EPA has determined is a significant new use, is required by TSCA section 5 to provide EPA with a PMN, MCAN or SNUN, as appropriate, before initiating the activity. EPA will review the notice, make a risk determination on the chemical substance or significant new use, and take appropriate action as described in TSCA section 5(a)(3).

TSCA section 5(h)(1) authorizes EPA to allow persons, upon application and under appropriate restrictions, to manufacture or process a new chemical substance, or a chemical substance subject to a significant new use rule (SNUR) issued under TSCA section 5(a)(2), for "test marketing" purposes, upon a showing that the manufacture, processing, distribution in commerce, use, and disposal of the chemical will not present an unreasonable risk of injury to health or the environment. This is referred to as a test marketing exemption, or TME. For more

information about the requirements applicable to a new chemical go to: <http://www.epa.gov/oppt/newchemicals>.

Under TSCA sections 5 and 8 and EPA regulations, EPA is required to publish in the **Federal Register** certain information, including notice of receipt of a PMN/SNUN/MCAN (including amended notices and test information); an exemption application under 40 CFR part 725 (biotech exemption); an application for a TME, both pending and concluded; NOCs to manufacture a new chemical substance; and a periodic status report on the new chemical substances that are currently under EPA review or have recently concluded review.

C. Does this action apply to me?

This action provides information that is directed to the public in general.

D. Does this action have any incremental economic impacts or paperwork burdens?

No.

E. What should I consider as I prepare my comments for EPA?

1. *Submitting confidential business information (CBI).* Do not submit this information to EPA through [regulations.gov](http://www.regulations.gov) or email. Clearly mark the part or all of the information that you claim to be CBI. For CBI information in a disk or CD-ROM that you mail to EPA, mark the outside of the disk or CD-ROM as CBI and then identify electronically within the disk or CD-ROM the specific information that is claimed as CBI. In addition to one complete version of the comment that includes information claimed as CBI, a copy of the comment that does not contain the information claimed as CBI must be submitted for inclusion in the public docket. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

2. *Tips for preparing your comments.* When preparing and submitting your comments, see the commenting tips at <http://www.epa.gov/dockets/comments.html>.

II. Status Reports

In the past, EPA has published individual notices reflecting the status of TSCA section 5 filings received, pending or concluded. In 1995, the Agency modified its approach and streamlined the information published in the **Federal Register** after providing notice of such changes to the public and an opportunity to comment (See the **Federal Register** of May 12, 1995, (60 FR 25798) (FRL-4942-7). Since the

passage of the Lautenberg amendments to TSCA in 2016, public interest in information on the status of section 5 cases under EPA review and, in particular, the final determination of such cases, has increased. In an effort to be responsive to the regulated community, the users of this information, and the general public, to comply with the requirements of TSCA, to conserve EPA resources and to streamline the process and make it more timely, EPA is providing information on its website about cases reviewed under the amended TSCA, including the section 5 PMN/SNUN/MCAN and exemption notices received, the date of receipt, the final EPA determination on the notice, and the effective date of EPA's determination for PMN/SNUN/MCAN notices on its website at: <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/>

status-pre-manufacture-notices. This information is updated on a weekly basis.

III. Receipt Reports

For the PMN/SNUN/MCANs that have passed an initial screening by EPA during this period, Table I provides the following information (to the extent that such information is not subject to a CBI claim) on the notices screened by EPA during this period: The EPA case number assigned to the notice that indicates whether the submission is an initial submission, or an amendment, a notation of which version was received, the date the notice was received by EPA, the submitting manufacturer (*i.e.*, domestic producer or importer), the potential uses identified by the manufacturer in the notice, and the chemical substance identity.

As used in each of the tables in this unit, (S) indicates that the information

in the table is the specific information provided by the submitter, and (G) indicates that this information in the table is generic information because the specific information provided by the submitter was claimed as CBI. Submissions which are initial submissions will not have a letter following the case number. Submissions which are amendments to previous submissions will have a case number followed by the letter "A" (*e.g.*, P-18-1234A). The version column designates submissions in sequence as "1", "2", "3", etc. Note that in some cases, an initial submission is not numbered as version 1; this is because earlier version(s) were rejected as incomplete or invalid submissions. Note also that future versions of the following tables may adjust slightly as the Agency works to automate population of the data in the tables.

TABLE I—PMN/SNUN/MCANs APPROVED * FROM 09/01/2020 TO 09/30/2020

Case No.	Version	Received date	Manufacturer	Use	Chemical substance
P-16-0345A ...	7	08/31/2020	CBI	(G) Processing aid	(G) Acrylamide, polymer with methacrylic acid derivatives.
P-16-0370A ...	5	09/14/2020	CBI	(G) Crosslinker for adhesives and coatings ...	(G) Methoxy-terminated polysiloxanes.
P-16-0404A ...	4	09/22/2020	CBI	(G) A colorant for dyeing various synthetic fibers and fabrics. Open, non-dispersive use.	(G) Alkyl ester, 2-({4-[2-(trisubstituted phenyl)azo]-5-acetamido-2-substitutedphenyl} (substituted alkoxy)amino).
P-16-0589A ...	5	09/25/2020	Chemtura Corporation	(G) Synthetic aircraft engine lubricant for contained use Industrial lubricant.	(G) Pentaerythritol Ester of Mixed Linear and Branched Carboxylic Acids.
P-17-0193A ...	3	09/25/2020	Chemtura Corporation	(G) Synthetic lubricant for contained use Industrial lubricant.	(G) Dipentaerythritol Ester of Mixed Linear and Branched Carboxylic Acids; (G) Pentaerythritol Ester of Mixed Linear and Branched Carboxylic Acids;.
P-18-0128A ...	4	09/02/2020	CBI	(G) Surface modifier	(S) Inulin, 2-hydroxy-3-(trimethylammonio)propyl ether, chloride.
P-18-0143A ...	9	08/29/2020	Huntsman International LLC.	(G) Anti-corrosive primer for outdoor industrial applications.	(G) Fatty acids, tall-oil polymers with aminoalkyl, dialkyl alkane diamine, polyalkylene polyamine alkanepolyamine fraction, and tris-[(alkylamino) alkyl] phenol.
P-18-0289A ...	6	09/09/2020	CBI	(G) Gas scrubbing, landfill deodorizing, wastewater deodorizing.	(G) 2-(2(methylcarboxymonocyclic) amino)ethoxy)-alcohol.
P-18-0289A ...	7	09/23/2020	CBI	(G) Gas scrubbing, landfill deodorizing, wastewater deodorizing.	(G) 2-(2(methylcarboxymonocyclic)amino)ethoxy)-alcohol.
P-18-0290A ...	6	09/09/2020	CBI	(G) wastewater deodorizing, Gas scrubbing, Landfill odor neutralizing.	(G) Carbomonocyclic-oxazolidine.
P-18-0290A ...	7	09/23/2020	CBI	(G) Gas scrubbing, Landfill odor neutralizing, wastewater deodorizing.	(G) Carbomonocyclic-oxazolidine.
P-18-0330A ...	5	09/21/2020	CBI	(G) initiator	(G) Formaldehyde, polymer with alkyl aryl ketone.
P-18-0334A ...	3	09/22/2020	Sirrus, Inc	(S) Intermediate use	(S) Propanedioic acid, 1,3-dihexyl ester.
P-18-0335A ...	3	09/22/2020	Sirrus, Inc	(S) Intermediate use	(S) Propanedioic acid, 1,3-dicyclohexyl ester.
P-18-0336A ...	5	09/22/2020	Sirrus, Inc	(S) Intermediate use	(S) Propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dihexyl ester.
P-18-0337A ...	5	09/22/2020	Sirrus, Inc	(S) Intermediate use	(S) Propanedioic acid, 2,2-bis(hydroxymethyl)-, 1,3-dicyclohexyl ester.
P-18-0387A ...	5	09/01/2020	CBI	(G) Plastic Additive	(G) Alkanal, reaction products with alkanediyl bis[alkyl-tris(alkyl-heterocycle)-1,3,5-triazine-2,4,6-triamine and hydrogen peroxide.
P-18-0388A ...	5	09/01/2020	CBI	(G) Plastic additive	(G) 1,3,5-triazine-2,4,6-triamine, alkanediyl bis[alkyl-tris(alkyl-heterocycle)-, allyl derivs., oxidized, hydrogenated.
P-18-0407A ...	5	09/08/2020	CBI	(S) Polyurethane catalyst	(S) 1,2-Ethanediamine, N,N-dimethyl-N-(1-methylethyl)-N-[2-[methyl(1-methylethyl)amino]ethyl]-.
P-18-0407A ...	6	09/15/2020	CBI	(S) Polyurethane catalyst	(S) 1,2-Ethanediamine, N,N-dimethyl-N-(1-methylethyl)-N-[2-[methyl(1-methylethyl)amino]ethyl]-.

TABLE I—PMN/SNUN/MCANS APPROVED * FROM 09/01/2020 TO 09/30/2020—Continued

Case No.	Version	Received date	Manufacturer	Use	Chemical substance
P-18-0407A ...	7	09/21/2020	CBI	(S) Polyurethane catalyst	(S) 1,2-Ethanediamine, N,N-dimethyl-N-(1-methylethyl)-N-[2-[methyl(1-methylethyl)amino]ethyl]-.
P-19-0048A ...	8	09/23/2020	CBI	(G) Coating additive	(S) Poly(oxy-1,2-ethanediyl), .alpha.-hydro-.omega.-hydroxy-, mono-C12-14-alkyl ethers, phosphates, sodium salts.
P-19-0162A ...	3	09/18/2020	CBI	(G) Component in Oil Production	(G) fatty acid alkyl amide, (dialkyl) amino alkyl, alkyl quaternized, salts.
P-19-0162A ...	4	09/29/2020	CBI	(G) Component in Oil Production	(G) fatty acid alkyl amide, (dialkyl) amino alkyl, alkyl quaternized, salts.
P-20-0030A ...	3	09/10/2020	CBI	(S) Plasticizer for Plastisols, in caulks and sealants.	(G) Hexanedioic acid, carbomonomocyclic esters.
P-20-0066A ...	3	09/14/2020	CBI	(G) Antiwear additive for lubricants	(G) 2-Propenoic acid, 2-hydroxyethyl ester, reaction products with dialkyl hydrogen heterosubstituted phosphate and dimethyl phosphonate.
P-20-0073A ...	5	09/25/2020	CBI	(G) Oil and gas production chemistry	(G) 2,5-Furandione, reaction products with alkylamine, 1-octanol and polyethylene glycol alkoxy-ether, acetates (salts).
P-20-0099A ...	7	09/15/2020	Materion Advanced Chemicals.	(S) A material used for the production of Li ion conductive separators for rechargeable batteries.	(G) Mixed Metal Oxide.
P-20-0100A ...	5	09/02/2020	Evonik Corporation ...	(S) Manual dish detergent, hard Surface cleaner, laundry detergent.	(S) Refer to attachment "Chemical Identity".
P-20-0100A ...	6	09/11/2020	Evonik Corporation ...	(S) Manual dish detergent, hard Surface cleaner, laundry detergent.	(G) Rhamnolipids, modified pseudomonas-fermented, from dextrose.
P-20-0108A ...	4	09/11/2020	CBI	(G) Film-forming polymer	(G) Alkanolic acid, compds. with diphenolmethane derivative-N1,N1-dialkyl-1,3-alkanediamine-epichlorohydrin-2-cyclic ester homopolymer with dialkylene glycol (2:1) polymer-dialkanolamine reaction products.
P-20-0111A ...	2	09/25/2020	CBI	(G) Component in flexible automotive interior parts.	(S) 1,2,4-Benzenetricarboxylic acid, 1,2,4-trinonyl ester.
P-20-0144	2	09/16/2020	CBI	(G) Asphalt emulsion applications	(S) Fatty acids, soya, reaction products with polyethylenepolyamines.
P-20-0162	2	08/31/2020	CBI	(G) Photolithography	(G) Sulfonium, triaryl-, 3,3,3-trihalo-2-sulfoalkyl polycycloalkane-1-carboxylate (1:1).
P-20-0166	1	08/21/2020	Sun Chemical	(G) Component of ink	(G) Formaldehyde, polymer with 2-methylcarbomonomocycle, glycidyl ether, acrylate hydrogen 1,2-carbomonomocyledicarboxylate,
P-20-0167	2	08/31/2020	W. R. Grace & Co.—Conn.	(G) Catalyst	(G) Phenylene, alkyl and polycarbomonomocycle substituted, 1,2-dicarboxylate.
P-20-0168	2	09/14/2020	CBI	(S) Lubricating additives for engine oils, transmission and hydraulic fluid and gear oil applications.	(G) Polyolefin polyamine succinimide, carbopolycycle alkoxyated.
P-20-0168A ...	3	09/22/2020	CBI	(S) Lubricating additives for engine oils, transmission and hydraulic fluid and gear oil applications.	(G) Polyolefin polyamine succinimide, carbopolycycle alkoxyated.
P-20-0170	3	09/09/2020	Tetramer Technologies, LLC.	(G) Component in Lubricants	(G) Glycerin, alkoxyated alkyl acid esters.
P-20-0171	3	09/09/2020	Tetramer Technologies, LLC.	(G) Component in Lubricants	(G) Glycerin, alkoxyated alkyl acid esters.
P-20-0172	3	09/09/2020	Tetramer Technologies, LLC.	(G) Component in Lubricants	(G) Glycerin, alkoxyated alkyl acid esters.
P-20-0173	1	09/01/2020	ICM Products Inc	(G) Use as a Coating Additive	(G) Silsesquioxanes, alkyl, alkoxy- and hydroxy- terminated.
P-20-0174	3	09/17/2020	P2 Science, Inc	(S) For use in consumer products, as well as direct addition to consumer products.	(S) 6-Octen-1-ol, 3,7-dimethyl-, homopolymer, monoacetate.
P-20-0175	2	09/21/2020	Materia Inc	(G) Resin formulation additive	(G) acid N-[4-(4-diarylalkyl)-, carbopolycyclic alkenyl, methyl ester.
P-20-0176	2	09/21/2020	Materia Inc	(G) Resin formulation additive	(G) acid N-(diarylalkyl)-, carbopolycyclic alkenyl, methyl ester.
P-20-0177	2	09/21/2020	Materia Inc	(G) Resin formulation additive	(G) carbopolycyclic alkenyl, 2-carboxylic acid, 2-[[[4-(4-diarylalkyl)]carbonyl]oxy]ethyl ester.
P-20-0178	2	09/21/2020	Materia Inc	(G) Resin formulation additive	(G) carbopolycyclic alkenyl, 2-carboxylic acid, 2-[[[4-(4-diarylalkyl)]carbonyl]oxy]ethyl ester.
P-20-0179	1	09/08/2020	CBI	(S) Reactive polymer for use in surface pre-treatment.	(G) 1,3-Benzenedicarboxylic acid, polymer with 1,4-benzenedicarboxylic acid, branched alkyl diol, and alkyldiol, bis[[[bis(isocyanatophenoxy)phosphinothioyl]oxy]phenyl]carbamate],

TABLE I—PMN/SNUN/MCANS APPROVED * FROM 09/01/2020 TO 09/30/2020—Continued

Case No.	Version	Received date	Manufacturer	Use	Chemical substance
P-20-0179A ...	2	09/14/2020	CBI	(S) Reactive polymer for use in surface pre-treatment.	(G) 1,3-Benzenedicarboxylic acid, polymer with 1,4-benzenedicarboxylic acid, branched alkyl diol, and alkyl diol, bis[[[bis (isocyanatophenoxy)phosphinothioyl]oxy]phenyl]carbamate].
P-20-0180	1	09/08/2020	Evonik Degussa Corporation.	(S) Curing agent for Industrial epoxy Composite.	(S) Cyclohexanemethanamine,5-amino-1,3,3-trimethyl-, N-sec-Bu derivs.
P-20-0181	1	09/11/2020	Guardian Industries Corp.	(S) Additive to influence melting temperature of raw material and physical characteristics of the final product during the manufacture of flat glass, Animal bedding additive used as a desiccant.	(S) flue dust, glass-manufg. desulfurization, calcium hydroxide-treated.
P-20-0182	1	09/15/2020	Eastman Chemical Company, Inc.	(G) Plasticizer for PVC formulations	(S) 1,4-Benzenedicarboxylic acid, bis[2-(2-butoxyethoxy)ethyl] ester (9CI).
P-20-0183	1	09/16/2020	CBI	(G) Intermediate	(G) Aryl ether epoxide, homopolymer, ether with alkanolamine.
P-20-0184	1	09/24/2020	P2 Science, Inc	(S) For use in fragrances for consumer products, as well as direct addition to consumer products.	(S) 6-Octen-1-ol, 3,7-dimethyl-, homopolymer.

*The term 'Approved' indicates that a submission has passed a quick initial screen ensuring all required information and documents have been provided with the submission prior to the start of the 90 day review period, and in no way reflects the final status of a complete submission review.

In Table II of this unit, EPA provides the following information (to the extent that such information is not claimed as CBI) on the NOCs that have passed an initial screening by EPA during this period: The EPA case number assigned

to the NOC including whether the submission was an initial or amended submission, the date the NOC was received by EPA, the date of commencement provided by the submitter in the NOC, a notation of the

type of amendment (e.g., amendment to generic name, specific name, technical contact information, etc.) and chemical substance identity.

TABLE II—NOCs APPROVED * FROM 09/01/2020 TO 09/30/2020

Case No.	Received date	Commencement date	If amendment, type of amendment	Chemical substance
J-20-0012	09/18/2020	08/31/2020	N	(G) Biofuel producing saccharomyces cerevisiae modified, genetically stable.
P-14-0787	09/21/2020	08/27/2020	N	(S) Bismuth, 1,1',1'',1'''-(1,2-ethanedioldinitrilo)tetrakis[2-propanol] neodecanoate complexes.
P-17-0333	09/15/2020	09/13/2020	N	(G) 2-propenoic acid, mixed esters with heterocyclic dimethanol and heterocyclic methanol.
P-17-0395	09/21/2020	09/16/2020	N	(G) Alkyl tri dithiocarbamate tri salt.
P-18-0329	09/28/2020	09/09/2020	N	(G) Substituted carbopolycyclic dicarboxylic acid dialkyl ester, polymer with alkanediol and carbopolycyclic bis (substituted carbopolycycle) bisalkanol.
P-19-0053	08/31/2020	08/26/2020	N	(S) 1-butanamine, n-butyl-n-[(triethoxysilyl)methyl]-.
P-20-0038	09/10/2020	08/21/2020	N	(S) 1,3,5-triazine-2,4,6(1h,3h,5h)-trione, 1,3,5-tris[3-(2-oxiranyl)propyl]-.
P-20-0104	09/16/2020	09/01/2020	N	(G) Alkenoic acid, polymer with (alkyl alkenyl) polyether.

* The term 'Approved' indicates that a submission has passed a quick initial screen ensuring all required information and documents have been provided with the submission.

In Table III of this unit, EPA provides the following information (to the extent such information is not subject to a CBI claim) on the test information that has

been received during this time period: The EPA case number assigned to the test information; the date the test information was received by EPA, the

type of test information submitted, and chemical substance identity.

TABLE III—TEST INFORMATION RECEIVED FROM 09/01/2020 TO 09/30/2020

Case No.	Received date	Type of test information	Chemical substance
P-16-0370	09/14/2020	Subchronic Inhalation Toxicity 90-Day Study (OECD Test Guideline 413).	(G) Methoxy-terminated polysiloxanes.
P-16-0370	09/14/2020	Subchronic Inhalation Toxicity 90-Day Study (OECD Test Guideline 413).	(G) Polysiloxane with functional groups.
P-16-0543	09/17/2020	Exposure Monitoring Report	(G) Halogenophosphoric acid metal salt.

TABLE III—TEST INFORMATION RECEIVED FROM 09/01/2020 TO 09/30/2020—Continued

Case No.	Received date	Type of test information	Chemical substance
P-19-0098	09/16/2020	Algal, Growth Inhibition Test with <i>Pseudokirchneriella subcapitata</i> , 72 hours (OECD Test Guideline 201) and Acute Immobilization Test to <i>Daphnia magna</i> , Semi-static, 48 hours (OECD Test Guideline 202).	(G) Phosphoric acid, polymer with (hydroxyalkyl)-alkanediol and alkanediol.
P-20-0062	09/16/2020	Cobalt Oxide Test Data	(S) Multi-walled carbon nanotubes; closed; 4.4–12.8 nm diameter; bundle length 10.6–211.1 um; grade: Jenotube 6 (substance-1).
P-20-0098	09/22/2020	Eye Irritation Study, Dermal Irritation Study, Acute Oral Toxicity Study, Acute Dermal Toxicity Study, 90-Day Oral Toxicity Study, Ames Test, Chromosomal Aberration Test, Mouse Lymphoma Assay, and Skin Sensitization Test. All test submitted on an analogue.	(G) Calcium cycloalkylcarboxylate.
SN-17-0011 ..	09/21/2020	Acute Immobilization Test with <i>Daphnia magna</i>	(G) Polyfluorohydrocarbon.

If you are interested in information that is not included in these tables, you may contact EPA's technical information contact or general information contact as described under **FOR FURTHER INFORMATION CONTACT** to access additional non-CBI information that may be available.

(Authority: 15 U.S.C. 2601 *et seq.*)

Dated: October 7, 2020.

Pamela Myrick,

*Director, Information Management Division,
Office of Pollution Prevention and Toxics.*

[FR Doc. 2020-23170 Filed 10-19-20; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPP-2020-0049; FRL-10015-91]

Pesticide Product Registration; Receipt of Applications for New Active Ingredients (September 2020)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: EPA has received applications to register pesticide products containing active ingredients not included in any currently registered pesticide products. Pursuant to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), EPA is hereby providing notice of receipt and opportunity to comment on these applications.

DATES: Comments must be received on or before November 19, 2020.

ADDRESSES: Submit your comments, identified by docket identification (ID) number and the File Symbol of interest as shown in the body of this document, by one of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the online instructions for submitting comments.

Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

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

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

Due to the public health concerns related to COVID-19, the EPA Docket Center (EPA/DC) and Reading Room is closed to visitors with limited exceptions. The staff continues to provide remote customer service via email, phone, and webform. For the latest status information on EPA/DC services and docket access, visit <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

Marietta Echeverria, Registration Division (7505P), main telephone number: (703) 305-7090, email address: RDfrNotices@epa.gov; The mailing address for each contact person is: Office of Pesticide Programs, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001. As part of the mailing address, include the contact person's name, division, and mail code.

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

You may be potentially affected by this action if you are an agricultural producer, food manufacturer, or pesticide manufacturer. The following list of North American Industrial Classification System (NAICS) codes is not intended to be exhaustive, but rather

provides a guide to help readers determine whether this document applies to them. Potentially affected entities may include:

- Crop production (NAICS code 111).
- Animal production (NAICS code 112).
- Food manufacturing (NAICS code 311).

B. What should I consider as I prepare my comments for EPA?

1. *Submitting CBI.* Do not submit this information to EPA through [regulations.gov](https://www.regulations.gov) or email. Clearly mark the part or all of the information that you claim to be CBI. For CBI information in a disk or CD-ROM that you mail to EPA, mark the outside of the disk or CD-ROM as CBI and then identify electronically within the disk or CD-ROM the specific information that is claimed as CBI. In addition to one complete version of the comment that includes information claimed as CBI, a copy of the comment that does not contain the information claimed as CBI must be submitted for inclusion in the public docket. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

2. *Tips for preparing your comments.* When preparing and submitting your comments, see the commenting tips at <https://www.epa.gov/dockets/commenting-epa-dockets>.

II. Registration Applications

EPA has received applications to register pesticide products containing active ingredients not included in any currently registered pesticide products. Pursuant to the provisions of FIFRA section 3(c)(4) (7 U.S.C. 136a(c)(4)), EPA is hereby providing notice of receipt and opportunity to comment on these applications. Notice of receipt of these applications does not imply a decision

by the Agency on these applications. For actions being evaluated under EPA's public participation process for registration actions, there will be an additional opportunity for public comment on the proposed decisions. Please see EPA's public participation website for additional information on this process (<http://www2.epa.gov/pesticide-registration/public-participation-process-registration-actions>).

New Active Ingredient

EPA Registration Numbers: 62719-TLE, 62719-TLG, and 62610-TLU. *Docket ID number:* EPA-HQ-OPP-2020-0449. *Applicant:* Dow AgroSciences LLC, 9330 Zionsville Road, Indianapolis, IN. *Product names:* Adavelt Technical, GF-3840 Turf, and GF-3840 AG. *Active ingredient:* Fungicide—florylpicoxamid at 95% (technical product) and 9.9% (end use products). *Proposed use:* Barley (bran, grin, hay, straw); beans, dried shelled, except soybean, subgroup 6C; beet, sugar (dried pulp, roots, tops); rapeseed subgroup 20A (fodder/straw, seed); wheat (aspirated grain fractions, bran, forage, grain, hay); and turf. *Contact:* RD.

Authority: 7 U.S.C. 136 *et seq.*

Dated: October 9, 2020.

Delores Barber,

Director, Information Technology and Resources Management Division, Office of Pesticide Programs.

[FR Doc. 2020-23175 Filed 10-19-20; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060-0249, OMB 3060-0573, OMB 3060-0888; FRS 17149]

Information Collections Being Submitted for Review and Approval to Office of Management and Budget

AGENCY: Federal Communications Commission.

ACTION: Notice and request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Pursuant to the Small Business Paperwork Relief Act of 2002, the FCC seeks specific comment on how it can

further reduce the information collection burden for small business concerns with fewer than 25 employees.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before November 19, 2020.

ADDRESSES: Comments should be sent to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Your comment must be submitted into www.reginfo.gov per the above instructions for it to be considered. In addition to submitting in www.reginfo.gov also send a copy of your comment on the proposed information collection to Cathy Williams, FCC, via email to PRA@fcc.gov and to Cathy.Williams@fcc.gov. Include in the comments the OMB control number as shown in the **SUPPLEMENTARY INFORMATION** below.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection, contact Cathy Williams at (202) 418-2918. To view a copy of this information collection request (ICR) submitted to OMB: (1) Go to the web page <http://www.reginfo.gov/public/do/PRAMain>, (2) look for the section of the web page called "Currently Under Review," (3) click on the downward-pointing arrow in the "Select Agency" box below the "Currently Under Review" heading, (4) select "Federal Communications Commission" from the list of agencies presented in the "Select Agency" box, (5) click the "Submit" button to the right of the "Select Agency" box, (6) when the list of FCC ICRs currently under review appears, look for the Title of this ICR and then click on the ICR Reference Number. A copy of the FCC submission to OMB will be displayed.

SUPPLEMENTARY INFORMATION: The Commission may not conduct or sponsor a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid OMB control number.

As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520), the FCC invited the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: (a)

Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology. Pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), the FCC seeks specific comment on how it might "further reduce the information collection burden for small business concerns with fewer than 25 employees."

OMB Control Number: 3060-0249.

Title: Sections 74.781, 74.1281 and 78.69, Station Records.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business and other for-profit entities; not-for-profit institutions; State, Federal or Tribal Governments.

Number of Respondents and Responses: 13,811 respondents; 20,724 responses.

Estimated Time per Response: .375 hour-1 hour.

Frequency of Response: Recordkeeping requirement.

Total Annual Burden: 11,726 hours.

Total Annual Cost: \$8,295,600.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for this collection of information is contained in Section 154(i) of the Communications Act of 1934, as amended.

Nature and Extent of Confidentiality: There is no need for confidentiality with this collection of information.

Privacy Impact Assessment(s): No impact(s).

Needs and Uses: The information collection requirements contained in this collection are as follows:

47 CFR 74.781 information collection requirements include the following: (a) The licensee of a low power TV, TV translator, or TV booster station shall maintain adequate station records, including the current instrument of authorization, official correspondence with the FCC, contracts, permission for rebroadcasts, and other pertinent documents.

(b) Entries required by § 17.49 of this Chapter concerning any observed or otherwise known extinguishment or improper functioning of a tower light: (1) The nature of such extinguishment or improper functioning. (2) The date

and time the extinguishment or improper operation was observed or otherwise noted. (3) The date, time and nature of adjustments, repairs or replacements made.

(c) The station records shall be maintained for inspection at a residence, office, or public building, place of business, or other suitable place, in one of the communities of license of the translator or booster, except that the station records of a booster or translator licensed to the licensee of the primary station may be kept at the same place where the primary station records are kept. The name of the person keeping station records, together with the address of the place where the records are kept, shall be posted in accordance with § 74.765(c) of the rules. The station records shall be made available upon request to any authorized representative of the Commission.

(d) Station logs and records shall be retained for a period of two years.

47 CFR 74.1281 information collection requirements include the following: (a) The licensee of a station authorized under this Subpart shall maintain adequate station records, including the current instrument of authorization, official correspondence with the FCC, maintenance records, contracts, permission for rebroadcasts, and other pertinent documents.

(b) Entries required by § 17.49 of this chapter concerning any observed or otherwise known extinguishment or improper functioning of a tower light:

(1) The nature of such extinguishment or improper functioning.

(2) The date and time the extinguishment of improper operation was observed or otherwise noted.

(3) The date, time and nature of adjustments, repairs or replacements made.

(c) The station records shall be maintained for inspection at a residence, office, or public building, place of business, or other suitable place, in one of the communities of license of the translator or booster, except that the station records of a booster or translator licensed to the licensee of the primary station may be kept at the same place where the primary station records are kept. The name of the person keeping station records, together with the address of the place where the records are kept, shall be posted in accordance with § 74.1265(b) of the rules. The station records shall be made available upon request to any authorized representative of the Commission.

(d) Station logs and records shall be retained for a period of two years.

47 CFR 78.69 requires each licensee of a CARS station shall maintain records showing the following:

(a) For all attended or remotely controlled stations, the date and time of the beginning and end of each period of transmission of each channel;

(b) For all stations, the date and time of any unscheduled interruptions to the transmissions of the station, the duration of such interruptions, and the causes thereof;

(c) For all stations, the results and dates of the frequency measurements made pursuant to § 78.113 and the name of the person or persons making the measurements;

(d) For all stations, when service or maintenance duties are performed, which may affect a station's proper operation, the responsible operator shall sign and date an entry in the station's records, giving:

(1) Pertinent details of all transmitter adjustments performed by the operator or under the operator's supervision.

(e) When a station in this service has an antenna structure which is required to be illuminated, appropriate entries shall be made as follows:

(1) The time the tower lights are turned on and off each day, if manually controlled.

(2) The time the daily check of proper operation of the tower lights was made, if an automatic alarm system is not employed.

(3) In the event of any observed or otherwise known failure of a tower light:

(i) Nature of such failure.

(ii) Date and time the failure was observed or otherwise noted.

(iii) Date, time, and nature of the adjustments, repairs, or replacements made.

(iv) Identification of Flight Service Station (Federal Aviation Administration) notified of the failure of any code or rotating beacon light not corrected within 30 minutes, and the date and time such notice was given.

(v) Date and time notice was given to the Flight Service Station (Federal Aviation Administration) that the required illumination was resumed.

(4) Upon completion of the 3-month periodic inspection required by § 78.63(c):

(i) The date of the inspection and the condition of all tower lights and associated tower lighting control devices, indicators, and alarm systems.

(ii) Any adjustments, replacements, or repairs made to insure compliance with the lighting requirements and the date such adjustments, replacements, or repairs were made.

(f) For all stations, station record entries shall be made in an orderly and

legible manner by the person or persons competent to do so, having actual knowledge of the facts required, who shall sign the station record when starting duty and again when going off duty.

(g) For all stations, no station record or portion thereof shall be erased, obliterated, or willfully destroyed within the period of retention required by rule. Any necessary correction may be made only by the person who made the original entry who shall strike out the erroneous portion, initial the correction made, and show the date the correction was made.

(h) For all stations, station records shall be retained for a period of not less than 2 years. The Commission reserves the right to order retention of station records for a longer period of time. In cases where the licensee or permittee has notice of any claim or complaint, the station record shall be retained until such claim or complaint has been fully satisfied or until the same has been barred by statute limiting the time for filing of suits upon such claims.

OMB Control Number: 3060-0573.

Title: Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, FCC Form 394.

Form Number: FCC Form 394.

Type of Review: Extension of a currently approved collection.

Respondents: Business of other for-profit entities; State, Local or Tribal Government.

Number of Respondents and Responses: 2,000 respondents; 1,000 responses.

Estimated Time per Response: 1-5 hours.

Frequency of Response: Third Party Disclosure Requirement.

Total Annual Burden: 7,000 hours.

Total Annual Costs: \$750,000.

Privacy Impact Assessment(s): No impact(s).

Needs and Uses: FCC Form 394 is a standardized form that is completed by cable operators in connection with the assignment and transfer of control of cable television systems. On July 23, 1993, the Commission released a Report and Order and Further Notice of Proposed Rulemaking in MM Docket No. 92-264, FCC 93-332, Implementation of Sections 11 and 13 of the Cable Television Consumer Protection and Competition Act of 1992, Horizontal and Vertical Ownership Limits, Cross-Ownership Limitations and Anti-Trafficking Provisions. Among other things, this Report and Order established procedures for use of the FCC Form 394.

OMB Control Number: 3060–0888.

Title: Section 1.221, Notice of hearing; appearances; Section 1.229 Motions to enlarge, change, or delete issues; Section 1.248 Prehearing conferences; hearing conferences; Section 76.7, Petition Procedures; Section 76.9, Confidentiality of Proprietary Information; Section 76.61, Dispute Concerning Carriage; Section 76.914, Revocation of Certification; Section 76.1001, Unfair Practices; Section 76.1003, Program Access Proceedings; Section 76.1302, Carriage Agreement Proceedings; Section 76.1513, Open Video Dispute Resolution.

Form Number: Not applicable.

Type of Review: Extension of a currently approved collection.

Respondents: Businesses or other for-profit entities.

Number of Respondents and Responses: 684 respondents; 684 responses.

Estimated Time per Response: 6.4 to 95.4 hours.

Frequency of Response: On occasion reporting requirement; Third party disclosure requirement.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for this collection of information is contained in Sections 4(i), 4(j), 303(r), 338, 340, 614, 615, 616, 623, 628 and 653 of the Communications Act of 1934, as amended; 47 U.S.C. 154(i) and (j), 303(r), 338, 340, 534, 535, 536, 543, 548 and 573.

Total Annual Burden: 34,816 hours.

Total Annual Cost: \$3,690,180.

Privacy Act Impact Assessment: No impact(s).

Nature and Extent of Confidentiality: A party that wishes to have confidentiality for proprietary information with respect to a submission it is making to the Commission must file a petition pursuant to the pleading requirements in Section 76.7 and use the method described in Sections 0.459 and 76.9 to demonstrate that confidentiality is warranted.

Needs and Uses: Commission rules specify pleading and other procedural requirements for parties filing petitions or complaints under Part 76 of the Commission's rules, including petitions for special relief, cable carriage complaints, program access complaints, and program carriage complaints.

47 CFR 1.221(h) requires that, in a program carriage complaint proceeding filed pursuant to § 76.1302 that the Chief, Media Bureau refers to an administrative law judge for an initial decision, each party, in person or by attorney, shall file a written appearance

within five calendar days after the party informs the Chief Administrative Law Judge that it elects not to pursue alternative dispute resolution pursuant to § 76.7(g)(2) or, if the parties have mutually elected to pursue alternative dispute resolution pursuant to § 76.7(g)(2), within five calendar days after the parties inform the Chief Administrative Law Judge that they have failed to resolve their dispute through alternative dispute resolution. The written appearance shall state that the party will appear on the date fixed for hearing and present evidence on the issues specified in the hearing designation order.

47 CFR 1.229(b)(2) requires that, in a program carriage complaint proceeding filed pursuant to § 76.1302 that the Chief, Media Bureau refers to an administrative law judge for an initial decision, a motion to enlarge, change, or delete issues shall be filed within 15 calendar days after the deadline for submitting written appearances pursuant to § 1.221(h), except that persons not named as parties to the proceeding in the designation order may file such motions with their petitions to intervene up to 30 days after publication of the full text or a summary of the designation order in the **Federal Register**.

47 CFR 1.229(b)(3) provides that any person desiring to file a motion to modify the issues after the expiration of periods specified in paragraphs (a), (b)(1), and (b)(2) of § 1.229, shall set forth the reason why it was not possible to file the motion within the prescribed period.

47 CFR 1.248(a) provides that the initial prehearing conference as directed by the Commission shall be scheduled 30 days after the effective date of the order designating a case for hearing, unless good cause is shown for scheduling such conference at a later date, except that for program carriage complaints filed pursuant to § 76.1302 that the Chief, Media Bureau refers to an administrative law judge for an initial decision, the initial prehearing conference shall be held no later than 10 calendar days after the deadline for submitting written appearances pursuant to § 1.221(h) or within such shorter or longer period as the Commission may allow on motion or notice consistent with the public interest.

47 CFR 1.248(b) provides that the initial prehearing conference as directed by the presiding officer shall be scheduled 30 days after the effective date of the order designating a case for hearing, unless good cause is shown for scheduling such conference at a later

date, except that for program carriage complaints filed pursuant to § 76.1302 that the Chief, Media Bureau refers to an administrative law judge for an initial decision, the initial prehearing conference shall be held no later than 10 calendar days after the deadline for submitting written appearances pursuant to § 1.221(h) or within such shorter or longer period as the presiding officer may allow on motion or notice consistent with the public interest.

47 CFR 76.7. Pleadings seeking to initiate FCC action must adhere to the requirements of Section 76.6 (general pleading requirements) and Section 76.7 (initiating pleading requirements). Section 76.7 is used for numerous types of petitions and special relief petitions, including general petitions seeking special relief, waivers, enforcement, show cause, forfeiture and declaratory ruling procedures.

47 CFR 76.7(g)(2) provides that, in a proceeding initiated pursuant to § 76.7 that is referred to an administrative law judge, the parties may elect to resolve the dispute through alternative dispute resolution procedures, or may proceed with an adjudicatory hearing, provided that the election shall be submitted in writing to the Commission and the Chief Administrative Law Judge.

47 CFR 76.9. A party that wishes to have confidentiality for proprietary information with respect to a submission it is making to the FCC must file a petition pursuant to the pleading requirements in Section 76.7 and use the method described in Sections 0.459 and 76.9 to demonstrate that confidentiality is warranted. The petitions filed pursuant to this provision are contained in the existing information collection requirement and are not changed by the rule changes.

47 CFR 76.61(a) permits a local commercial television station or qualified low power television station that is denied carriage or channel positioning or repositioning in accordance with the must-carry rules by a cable operator to file a complaint with the FCC in accordance with the procedures set forth in Section 76.7. Section 76.61(b) permits a qualified local noncommercial educational television station that believes a cable operator has failed to comply with the FCC's signal carriage or channel positioning requirements (Sections 76.56 through 76.57) to file a complaint with the FCC in accordance with the procedures set forth in Section 76.7.

47 CFR 76.61(a)(1) states that whenever a local commercial television station or a qualified low power television station believes that a cable operator has failed to meet its carriage

or channel positioning obligations, pursuant to Sections 76.56 and 76.57, such station shall notify the operator, in writing, of the alleged failure and identify its reasons for believing that the cable operator is obligated to carry the signal of such station or position such signal on a particular channel.

47 CFR 76.61(a)(2) states that the cable operator shall, within 30 days of receipt of such written notification, respond in writing to such notification and either commence to carry the signal of such station in accordance with the terms requested or state its reasons for believing that it is not obligated to carry such signal or is in compliance with the channel positioning and repositioning and other requirements of the must-carry rules. If a refusal for carriage is based on the station's distance from the cable system's principal headend, the operator's response shall include the location of such headend. If a cable operator denies carriage on the basis of the failure of the station to deliver a good quality signal at the cable system's principal headend, the cable operator must provide a list of equipment used to make the measurements, the point of measurement and a list and detailed description of the reception and over-the-air signal processing equipment used, including sketches such as block diagrams and a description of the methodology used for processing the signal at issue, in its response.

47 CFR 76.914(c) permits a cable operator seeking revocation of a franchising authority's certification to file a petition with the FCC in accordance with the procedures set forth in Section 76.7.

47 CFR 76.1003(a) permits any multichannel video programming distributor (MVPD) aggrieved by conduct that it believes constitute a violation of the FCC's competitive access to cable programming rules to commence an adjudicatory proceeding at the FCC to obtain enforcement of the rules through the filing of a complaint, which must be filed and responded to in accordance with the procedures specified in Section 76.7, except to the extent such procedures are modified by Section 76.1003.

47 CFR 76.1001(b)(2) permits any multichannel video programming distributor to commence an adjudicatory proceeding by filing a complaint with the Commission alleging that a cable operator, a satellite cable programming vendor in which a cable operator has an attributable interest, or a satellite broadcast programming vendor, has engaged in an unfair act involving terrestrially delivered, cable-affiliated programming, which must be

filed and responded to in accordance with the procedures specified in § 76.7, except to the extent such procedures are modified by §§ 76.1001(b)(2) and 76.1003. In program access cases involving terrestrially delivered, cable-affiliated programming, the defendant has 45 days from the date of service of the complaint to file an answer, unless otherwise directed by the Commission. A complainant shall have the burden of proof that the defendant's alleged conduct has the purpose or effect of hindering significantly or preventing the complainant from providing satellite cable programming or satellite broadcast programming to subscribers or consumers; an answer to such a complaint shall set forth the defendant's reasons to support a finding that the complainant has not carried this burden. In addition, a complainant alleging that a terrestrial cable programming vendor has engaged in discrimination shall have the burden of proof that the terrestrial cable programming vendor is wholly owned by, controlled by, or under common control with a cable operator or cable operators, satellite cable programming vendor or vendors in which a cable operator has an attributable interest, or satellite broadcast programming vendor or vendors; an answer to such a complaint shall set forth the defendant's reasons to support a finding that the complainant has not carried this burden.

47 CFR 76.1003(b) requires any aggrieved MVPD intending to file a complaint under this section to first notify the potential defendant cable operator, and/or the potential defendant satellite cable programming vendor or satellite broadcast programming vendor, that it intends to file a complaint with the Commission based on actions alleged to violate one or more of the provisions contained in Sections 76.1001 or 76.1002 of this part. The notice must be sufficiently detailed so that its recipient(s) can determine the nature of the potential complaint. The potential complainant must allow a minimum of ten (10) days for the potential defendant(s) to respond before filing a complaint with the Commission.

47 CFR 76.1003(c) describes the required contents of a program access complaint, in addition to the requirements of Section 76.7 of this part.

47 CFR 76.1003(c)(3) requires a program access complaint to contain evidence that the complainant competes with the defendant cable operator, or with a multichannel video programming distributor that is a customer of the defendant satellite cable programming

or satellite broadcast programming vendor or a terrestrial cable programming vendor alleged to have engaged in conduct described in § 76.1001(b)(1).

47 CFR 76.1003(d) states that, in a case where recovery of damages is sought, the complaint shall contain a clear and unequivocal request for damages and appropriate allegations in support of such claim.

47 CFR 76.1003(e)(1) requires cable operators, satellite cable programming vendors, or satellite broadcast programming vendors whom expressly reference and rely upon a document in asserting a defense to a program access complaint filed or in responding to a material allegation in a program access complaint filed pursuant to Section 76.1003, to include such document or documents, such as contracts for carriage of programming referenced and relied on, as part of the answer. Except as otherwise provided or directed by the Commission, any cable operator, satellite cable programming vendor or satellite broadcast programming vendor upon which a program access complaint is served under this section shall answer within twenty (20) days of service of the complaint, provided that the answer shall be filed within forty-five (45) days of service of the complaint if the complaint alleges a violation of Section 628(b) of the Communications Act of 1934, as amended, or Section 76.1001(a).

47 CFR 76.1003(e)(2) requires an answer to an exclusivity complaint to provide the defendant's reasons for refusing to sell the subject programming to the complainant. In addition, the defendant may submit its programming contracts covering the area specified in the complaint with its answer to refute allegations concerning the existence of an impermissible exclusive contract. If there are no contracts governing the specified area, the defendant shall so certify in its answer. Any contracts submitted pursuant to this provision may be protected as proprietary pursuant to Section 76.9 of this part.

47 CFR 76.1003(e)(3) requires an answer to a discrimination complaint to state the reasons for any differential in prices, terms or conditions between the complainant and its competitor, and to specify the particular justification set forth in Section 76.1002(b) of this part relied upon in support of the differential.

47 CFR 76.1003(e)(4) requires an answer to a complaint alleging an unreasonable refusal to sell programming to state the defendant's reasons for refusing to sell to the complainant, or for refusing to sell to

the complainant on the same terms and conditions as complainant's competitor, and to specify why the defendant's actions are not discriminatory.

47 CFR 76.1003(f) provides that, within fifteen (15) days after service of an answer, unless otherwise directed by the Commission, the complainant may file and serve a reply which shall be responsive to matters contained in the answer and shall not contain new matters.

47 CFR 76.1003(g) states that any complaint filed pursuant to this subsection must be filed within one year of the date on which one of three specified events occurs.

47 CFR 76.1003(h) sets forth the remedies that are available for violations of the program access rules, which include the imposition of damages, and/or the establishment of prices, terms, and conditions for the sale of programming to the aggrieved multichannel video programming distributor, as well as sanctions available under title V or any other provision of the Communications Act.

47 CFR 76.1003(j) states in addition to the general pleading and discovery rules contained in § 76.7 of this part, parties to a program access complaint may serve requests for discovery directly on opposing parties, and file a copy of the request with the Commission. The respondent shall have the opportunity to object to any request for documents that are not in its control or relevant to the dispute. Such request shall be heard, and determination made, by the Commission. Until the objection is ruled upon, the obligation to produce the disputed material is suspended. Any party who fails to timely provide discovery requested by the opposing party to which it has not raised an objection as described above, or who fails to respond to a Commission order for discovery material, may be deemed in default and an order may be entered in accordance with the allegations contained in the complaint, or the complaint may be dismissed with prejudice.

47 CFR 76.1003(l) permits a program access complainant seeking renewal of an existing programming contract to file a petition along with its complaint requesting a temporary standstill of the price, terms, and other conditions of the existing programming contract pending resolution of the complaint, to which the defendant will have the opportunity to respond within 10 days of service of the petition, unless otherwise directed by the Commission.

47 CFR 76.1302(a) states that any video programming vendor or multichannel video programming

distributor aggrieved by conduct that it believes constitute a violation of the regulations set forth in this subpart may commence an adjudicatory proceeding at the Commission to obtain enforcement of the rules through the filing of a complaint. The complaint shall be filed and responded to in accordance with the procedures specified in Section 76.7, except to the extent such procedures are modified by Section 76.1302.

47 CFR 76.1302(b) states that any aggrieved video programming vendor or multichannel video programming distributor intending to file a complaint under this section must first notify the potential defendant multichannel video programming distributor that it intends to file a complaint with the Commission based on actions alleged to violate one or more of the provisions contained in Section 76.1301 of this part. The notice must be sufficiently detailed so that its recipient(s) can determine the specific nature of the potential complaint. The potential complainant must allow a minimum of ten (10) days for the potential defendant(s) to respond before filing a complaint with the Commission.

47 CFR 76.1302(c) specifies the content of carriage agreement complaints, in addition to the requirements of Section 76.7 of this part.

47 CFR 76.1302(c)(1) provides that a program carriage complaint filed pursuant to § 76.1302 must contain the following: Whether the complainant is a multichannel video programming distributor or video programming vendor, and, in the case of a multichannel video programming distributor, identify the type of multichannel video programming distributor, the address and telephone number of the complainant, what type of multichannel video programming distributor the defendant is, and the address and telephone number of each defendant.

47 CFR 76.1302(d) sets forth the evidence that a program carriage complaint filed pursuant to § 76.1302 must contain in order to establish a prima facie case of a violation of § 76.1301.

47 CFR 76.1302(e)(1) provides that a multichannel video programming distributor upon whom a program carriage complaint filed pursuant to § 76.1302 is served shall answer within sixty (60) days of service of the complaint, unless otherwise directed by the Commission.

47 CFR 76.1302(e)(2) states that an answer to a program carriage complaint shall address the relief requested in the complaint, including legal and

documentary support, for such response, and may include an alternative relief proposal without any prejudice to any denials or defenses raised.

47 CFR 76.1302(f) states that within twenty (20) days after service of an answer, unless otherwise directed by the Commission, the complainant may file and serve a reply which shall be responsive to matters contained in the answer and shall not contain new matters.

47 CFR 76.1302(h) states that any complaint filed pursuant to this subsection must be filed within one year of the date on which one of three events occurs.

47 CFR 76.1302(j)(1) states that upon completion of such adjudicatory proceeding, the Commission shall order appropriate remedies, including, if necessary, mandatory carriage of a video programming vendor's programming on defendant's video distribution system, or the establishment of prices, terms, and conditions for the carriage of a video programming vendor's programming.

47 CFR 76.1302(k) permits a program carriage complainant seeking renewal of an existing programming contract to file a petition along with its complaint requesting a temporary standstill of the price, terms, and other conditions of the existing programming contract pending resolution of the complaint, to which the defendant will have the opportunity to respond within 10 days of service of the petition, unless otherwise directed by the Commission. To allow for sufficient time to consider the petition for temporary standstill prior to the expiration of the existing programming contract, the petition for temporary standstill and complaint shall be filed no later than thirty (30) days prior to the expiration of the existing programming contract.

47 CFR 76.1513(a) permits any party aggrieved by conduct that it believes constitute a violation of the FCC's regulations or in section 653 of the Communications Act (47 U.S.C. 573) to commence an adjudicatory proceeding at the Commission to obtain enforcement of the rules through the filing of a complaint, which must be filed and responded to in accordance with the procedures specified in Section 76.7, except to the extent such procedures are modified by Section 76.1513.

47 CFR 76.1513(b) provides that an open video system operator may not provide in its carriage contracts with programming providers that any dispute must be submitted to arbitration, mediation, or any other alternative

method for dispute resolution prior to submission of a complaint to the Commission.

47 CFR 76.1513(c) requires that any aggrieved party intending to file a complaint under this section must first notify the potential defendant open video system operator that it intends to file a complaint with the Commission based on actions alleged to violate one or more of the provisions contained in this part or in Section 653 of the Communications Act. The notice must be in writing and must be sufficiently detailed so that its recipient(s) can determine the specific nature of the potential complaint. The potential complainant must allow a minimum of ten (10) days for the potential defendant(s) to respond before filing a complaint with the Commission.

47 CFR 76.1513(d) describes the contents of an open video system complaint.

47 CFR 76.1513(e) addresses answers to open video system complaints.

47 CFR 76.1513(f) states within twenty (20) days after service of an answer, the complainant may file and serve a reply which shall be responsive to matters contained in the answer and shall not contain new matters.

47 CFR 76.1513(g) requires that any complaint filed pursuant to this subsection must be filed within one year of the date on which one of three events occurs.

47 CFR 76.1513(h) states that upon completion of the adjudicatory proceeding, the Commission shall order appropriate remedies, including, if necessary, the requiring carriage, awarding damages to any person denied carriage, or any combination of such sanctions. Such order shall set forth a timetable for compliance, and shall become effective upon release.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2020-23207 Filed 10-19-20; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 4, 2020.

A. Federal Reserve Bank of Dallas (Robert L. Triplett III, Senior Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *Steven Gregory Kidd, individually, and as trustee of The Greg Kidd 2010 SOTB Trust, and The Greg Kidd SOTB Inheritance Trust—A, all of Plano, Texas; Ashley Nicole Kidd Conley, Prosper, Texas, individually, and as trustee of The Greg and Shelly Kidd 2011 SOTB Trust, also of Plano, Texas;* to become members of the Kidd Family Group, a group acting in concert, to acquire the voting shares of Spirit of Texas Bancshares, Inc., Conroe, Texas, and thereby indirectly acquire voting shares of Spirit of Texas Bank, SSB, College Station, Texas.

Board of Governors of the Federal Reserve System, October 15, 2020.

Yeo-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-23196 Filed 10-19-20; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies

owned by the bank holding company, including the companies listed below.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)).

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 19, 2020.

A. Federal Reserve Bank of Kansas City (Dennis Denney, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198-0001

1. *Haviland Bancshares, Inc. Employee Stock Ownership Plan, Haviland, Kansas;* to acquire additional voting shares, for a total of 31.70 percent of the voting shares of Haviland Bancshares, Inc., and thereby indirectly acquire additional voting shares of The Haviland State Bank, both of Haviland, Kansas.

B. Federal Reserve Bank of St. Louis (David L. Hubbard, Senior Manager) P.O. Box 442, St. Louis, Missouri 63166-2034. Comments can also be sent electronically to

Comments.applications@stls.frb.org:

1. *Midwest Bancorporation, Inc., Poplar Bluff, Missouri;* to merge with Poplar Bluff Banc Company, and thereby indirectly acquire First Midwest Bank of Poplar Bluff, both of Poplar Bluff, Missouri.

Board of Governors of the Federal Reserve System, October 14, 2020.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-23120 Filed 10-19-20; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and

§ 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 4, 2020.

A. Federal Reserve Bank of Atlanta (Kathryn Haney, Assistant Vice President) 1000 Peachtree Street NE, Atlanta, Georgia 30309. Comments can also be sent electronically to Applications.Comments@atl.frb.org:

1. *James Thomas Darnell, Sandra Darnell Gordon, Blake Craig Cannon, Ashley Suzanne Cannon, Lizzie Belle Gordon, William Andrew Gordon II, Xaylie Mae Gordon, Janis Darnell Cannon, and Mark Craig Cannon, all of Shelbyville, Tennessee; Sharon Patrice Darnell and Sean Keith Darnell, both of Franklin, Tennessee; Lauralee Catherine Gordon Maxwell, Nashville, Tennessee; Jerry Edwin Smith, Bell Buckle, Tennessee; and Ricky Harold Smith, Wartrace, Tennessee*; to retain voting shares of First Community Bancorp, Inc., and thereby indirectly retain voting shares of First Community Bank of Tennessee, both of Shelbyville, Tennessee.

B. Federal Reserve Bank of St. Louis (David L. Hubbard, Senior Manager) P.O. Box 442, St. Louis, Missouri 63166-2034. Comments can also be sent electronically to Comments.applications@stls.frb.org:

1. This corrects the notice published on October 13, 2020 at 85 FR 64464. *Catherine Hastings Owen and Harry Lee Hastings III, individually and as part of a family control group that also includes Arkansas Bolt Company; Harry L. Hastings, Jr; Stanley T. Hastings Sr.; the Harry L. Hastings Jr Family Trust and*

Rosalyn J. Hastings Family Trust, Harry L. Hastings III, Catherine Hastings Owen, and Stanley T. Hastings Sr. as co-trustees of both trusts; the Catherine H. Owen Descendants Gift Trusts for Harper J. Holliday, Sara O. Holliday, Steven C. Owen Jr., and an unnamed minor grandchild, Catherine Hastings Owen, trustee of those trusts; the Harry Lee Hastings III Descendants Gift Trusts for Andrew H. Hastings, Anne M. Hastings, Charles H. Hastings, Ellen B. Hastings, Harry L. Hastings IV, Harry L. Hastings V, Hollis R. Hastings, Huette M. Hastings, Mary H. Hastings, and Winston G. Hastings, Harry L. Hastings III, trustee of those trusts; the Stanley T. Hastings Sr. Descendants Gift Trusts for Alissa C. Hastings, Margo M. Hastings, Patrick T. Hastings, Stanley T. Hastings Jr., Tyler M. Hastings, Oliver M. Hastings and Andrew H. Hastings, Stanley T. Hastings Sr., trustee of those trusts; Harry L. Hastings IV; and Winston G. Hastings, all of Little Rock, Arkansas; to acquire voting shares of State Holding Company, and thereby indirectly acquire voting shares of Eagle Bank and Trust Company, both of Little Rock, Arkansas.

Board of Governors of the Federal Reserve System, October 15, 2020.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-23182 Filed 10-19-20; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at

<https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843), and interested persons may express their views in writing on the standards enumerated in section 4. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 19, 2020.

A. Federal Reserve Bank of Richmond (Adam M. Drimer, Assistant Vice President) 701 East Byrd Street, Richmond, Virginia 23219. Comments can also be sent electronically to or Comments.applications@rich.frb.org:

1. *Blue Ridge Bankshares, Inc., Charlottesville, Virginia*; to acquire the voting shares of Bay Banks of Virginia, Inc., Richmond, Virginia, and thereby indirectly acquire the voting shares of Virginia Commonwealth Bank, Richmond, Virginia. In addition, Blue Ridge Bankshares, Inc. to acquire VCB Financial Group, Inc., Kilmarnock, Virginia, and engage in trust company functions, financial and investment advisory activities and securities brokerage services pursuant to sections 225.28(b)(5), (b)(6)(i) and (b)(7)(i) of Regulation Y, respectively.

Board of Governors of the Federal Reserve System, October 15, 2020.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-23198 Filed 10-19-20; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the

banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)).

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 19, 2020.

A. Federal Reserve Bank of St. Louis (David L. Hubbard, Senior Manager) P.O. Box 442, St. Louis, Missouri 63166-2034. Comments can also be sent electronically to

Comments.applications@stls.frb.org:

1. *Lineage Financial Network, Inc., Franklin, Tennessee*; to become a bank holding company by acquiring the voting shares of Bumpushares, Inc., and thereby indirectly acquire voting shares of Citizens Bank & Trust Company, both of Atwood, Tennessee.

Board of Governors of the Federal Reserve System, October 15, 2020.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-23197 Filed 10-19-20; 8:45 am]

BILLING CODE P

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[OMB Control No. 9000-0037; Docket No. 2020-0053; Sequence No. 11]

Information Collection; Presolicitation Notice and Response

AGENCY: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Notice and request for comments.

SUMMARY: In accordance with section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, and the Office of Management and Budget (OMB) regulations, DoD, GSA, and NASA invite the public to comment on a revision and renewal concerning presolicitation notice and response. DoD, GSA, and NASA invite comments on: Whether the proposed collection of information is necessary for the proper performance of the functions of Federal Government acquisitions, including whether the information will have practical utility; the accuracy of the estimate of the burden of the proposed information collection; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the information collection on respondents, including the use of automated collection techniques or other forms of information technology. OMB has approved this information collection for use through January 31, 2021. DoD, GSA, and NASA propose that OMB extend its approval for use for three additional years beyond the current expiration date.

DATES: DoD, GSA, and NASA will consider all comments received by December 21, 2020.

ADDRESSES: DoD, GSA, and NASA invite interested persons to submit comments on this collection through <http://www.regulations.gov> and follow the instructions on the site. This website provides the ability to type short comments directly into the comment field or attach a file for lengthier comments. If there are difficulties submitting comments, contact the GSA Regulatory Secretariat Division at 202-501-4755 or GSARegSec@gsa.gov.

Instructions: All items submitted must cite Information Collection 9000-0037, Presolicitation Notice and Response. Comments received generally will be posted without change to <http://www.regulations.gov>, including any personal and/or business confidential information provided. To confirm receipt of your comment(s), please check www.regulations.gov, approximately two-to-three days after submission to verify posting.

FOR FURTHER INFORMATION CONTACT: Mr. Ted Croushore, Procurement Analyst, at telephone 703-605-9804, or kenneth.croushore@gsa.gov.

SUPPLEMENTARY INFORMATION:

A. OMB Control Number, Title, and Any Associated Form(s)

9000-0037, Presolicitation Notice and Response

B. Need and Uses

Presolicitation notices are used by the Government to inform, and, where specified, solicit a response from potential offerors or bidders. This clearance covers the information that offerors must submit to comply with the following Federal Acquisition Regulation (FAR) requirements:

- For sealed bidding (FAR 14.205), presolicitation notices briefly describe requirements and provide other essential information to enable potential bidders to determine whether they have an interest in the invitation and if appropriate, respond by communicating their interest in receiving the invitation for bid;

- For contracting by negotiation (FAR 15.201(c)), presolicitation notices provide a means of early exchanges of information about future acquisitions between Government and industry, to which potential offerors may respond with feedback concerning acquisition strategy, terms and conditions, and any other concerns or questions.

- For construction contracts (FAR 36.213-2), presolicitation notices are required for construction requirements in excess of the simplified acquisition threshold to communicate essential information on the requirements, to which potential bidders may respond communicating their interest in receiving the invitation for bid.

The Contracting Officer will use the information as follows:

- For sealed bidding, to include interested bidders in the distribution of the invitations for bids; and
- For contracting by negotiation, to consider the industry feedback in shaping the acquisition strategy.

C. Annual Burden

Respondents: 59,420.

Total Annual Responses: 178,260.

Total Burden Hours: 14,261.

Obtaining Copies

Requesters may obtain a copy of the information collection documents from the GSA Regulatory Secretariat Division by calling 202-501-4755 or emailing GSARegSec@gsa.gov. Please cite OMB Control No. 9000-0037, Presolicitation Notice and Response.

William F. Clark,

Director, Federal Acquisition Policy Division, Office of Governmentwide Acquisition Policy, Office of Acquisition Policy, Office of Governmentwide Policy.

[FR Doc. 2020-23187 Filed 10-19-20; 8:45 am]

BILLING CODE 6820-EP-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Centers for Disease Control and Prevention****[Docket No. CDC–2020–0112]****Assisted Reproductive Technology (ART) Success Rates Reporting and Data Validation Procedures****AGENCY:** Centers for Disease Control and Prevention (CDC), Department of Health and Human Services (HHS).**ACTION:** Request for comment.**SUMMARY:** The Centers for Disease Control and Prevention, within the Department of Health and Human Services, announces the opening of a public docket to obtain public comment on proposed changes in assisted reproductive technology (ART) data validation selection process; data validation approach; and data discrepancy reporting.**DATES:** Written comments must be received on or before December 21, 2020.**ADDRESSES:** You may submit comments identified by Docket No. CDC–2020–0112 by any of the following methods:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments.

- *Mail:* Division of Reproductive Health, National Center for Chronic Disease Prevention and Health Promotion, Centers for Disease Control and Prevention, 4770 Buford Highway NE, Mailstop S107–2, Atlanta, Georgia 30341–3724. Attention: Assisted Reproduction Technology Surveillance and Research Team.

FOR FURTHER INFORMATION CONTACT:Jeani Chang, Division of Reproductive Health, National Center for Chronic Disease Prevention and Health Promotion, Centers for Disease Control and Prevention, 4770 Buford Highway NE, Mailstop S107–2, Atlanta, Georgia 30341–3724. Telephone: (770) 488–5200. Email: ARTinfo@cdc.gov.**SUPPLEMENTARY INFORMATION:****Public Participation**

Interested persons or organizations are invited to participate by submitting written views, recommendations, and data in response to the proposed changes described in this notice. CDC invites comments specifically on:

- Proposed changes in data validation selection process;
- Data validation approach; and
- Process for identifying discrepancies in reporting of pregnancy success rates from ART programs.

Please note that comments received, including attachments and other supporting materials, are part of the public record and are subject to public disclosure. Comments will be posted on <https://www.regulations.gov>. Therefore, do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure. If you include your name, contact information, or other information that identifies you in the body of your comments, that information will be on public display. CDC will review all submissions and may choose to redact or withhold submissions containing private or proprietary information such as Social Security numbers, medical information, inappropriate language, or duplicate/near duplicate examples of a mass-mail campaign. CDC will carefully consider all comments submitted.

Background

On May 31, 2018, CDC requested public comment on a plan to (1) revise the definition and characterization of Assisted Reproductive Technology (ART) success rates and (2) introduce clinic validation footnotes for the annual ART Fertility Clinic Success Rates Report (83 FR 25009). CDC received three public comments, of which one was non-substantive, one was supportive of CDC's planned approach for revising the definition of success rates and introducing clinic validation footnotes without further suggestions, and one contained concerns about CDC's planned clinic validation footnotes for identified major data discrepancies and approach to clinic validation along with recommended changes.

This comment expressed concern that random selection of clinics during the current CDC validation system is unable to identify systematic reporting errors. It was suggested that targeted selection of clinics based on certain reporting characteristics that predict erroneously inflated ART success rates is a better approach to identify systematic reporting errors. There was also a concern that discrepancies identified during on-site data validation are not corrected prior to publication of the ART Fertility Clinic Success Rates Report. It was suggested that instead of including a footnote, identification of erroneous data should result in removing clinic success rates from ART Fertility Clinic Success Rates Report, and that erroneous data should not be included with data from other clinics. Finally, there was a concern that validation footnotes and an appendix

will not be easily understood by the patients.

Pursuant to the Fertility Clinic Success Rate and Certification Act of 1992, 42 U.S.C. 263a–5, CDC publishes pregnancy success rates reported to the agency in accordance with section 263a–1(a)(1). The primary goal of public reporting of clinical outcomes of ART is to provide accurate data to current or potential ART users. Therefore, multiple mechanisms ensuring data accuracy are employed by CDC: Conducting data checks for logical errors and inconsistencies during data entry stage, verification of data accuracy by clinics' medical directors, additional data checks for logical errors and internal inconsistencies after submission. If any errors or inconsistencies are identified during these stages, clinics are contacted and data are immediately corrected. In addition, CDC conducts annual site visits by selecting 7–10% of all reporting clinics and about 70–80 cycles per clinic for data validation. This data validation process involves comparing information of key variables from patient's medical record with the data submitted to the National ART Surveillance System (NASS), the CDC data reporting system for ART procedures, to calculate discrepancy rates for these variables. Data validation is another step to ensure that clinics submit accurate data and to identify any systematic problems that could cause data collection to be inconsistent or incomplete.

CDC is currently conducting data validation using stratified random sampling of reporting clinics to assess discrepancy rates for key variables that are generalizable for all reporting clinics as described in "Reporting of Pregnancy Success Rates from Assisted Reproductive Technology (ART) Programs" (80 FR 51811). CDC concurs with comments on proposed changes to data validation procedures (83 FR 25009) that targeted selection of clinics based on certain reporting characteristics is another mechanism to identify systematic reporting errors. CDC's current targeted selection practice includes revisiting a small number of previously validated clinics to assess whether previously identified reporting errors have been corrected. Effective for calendar year 2022, CDC proposes to expand targeted selection of clinics to better capture systematic reporting errors by assessing certain reporting characteristics that may predict erroneously inflated ART success rates (e.g. number of cancelled cycles, inability to confirm reported live births, etc.). Information gained from targeted validation will not be used in

calculating discrepancy rates since it cannot be generalizable for all reporting clinics.

Since information on potential data errors is not available from non-validated clinics and CDC's annual data validation only represents a very small proportion of clinics (7–10%) and cycles (1% of total reported cycles), correcting identified discrepancies in the final dataset for a small subset of cycles will not have any significant effect on data quality or published success rates. However, CDC took into account comments that publishing inaccurate data with known *major* discrepancies can be misleading, even in the presence of a footnote describing data quality concerns. Therefore, if a clinic is selected to participate in the NASS data validation process (either through stratified random sampling or through targeted selection), does participate, and major data discrepancies are identified (e.g., lack of supporting information for a significant proportion of reported pregnancy outcomes, inability to confirm a significant proportion of reported live births, underreporting a significant proportion of cycles, etc.), a message will be displayed in the ART Fertility Clinic Success Rates Report for the clinic as:

CDC conducts data validation of a sample of reporting clinics to assess discrepancy rates for key variables helping, in part, to ensure clinics submit accurate data and to identify any systematic problems. This clinic was visited for validation of (insert: reporting year) data and major data discrepancies were identified. This clinic's reported success rates data are therefore not published in this report and not included in aggregate national data reports.

CDC may re-select this ART program for data validation during the following reporting year(s) to assess corrections of identified data errors.

In addition, CDC will publish information in the annual ART Fertility Clinic Success Rates Report to identify clinics that are selected by CDC to participate in the NASS data validation but decline to participate. (See 80 FR 51811 for further information concerning external validation of clinic data). If a clinic is selected to participate in the NASS data validation process and declines to participate, the following message will be displayed in the ART Fertility Clinic Success Rates Report for the clinic as:

CDC conducts data validation of a sample of reporting clinics to assess discrepancy rates for key variables helping, in part, to ensure clinics submit accurate data and to identify any systematic problems. This clinic was selected for validation of (insert:

reporting year) data, but declined to participate. This clinic's reported data are therefore not published in this report and not included in aggregate national data reports.

CDC may re-select this ART program for data validation during the following reporting year(s). Participation in data validation is integral to helping ensure the accuracy of the required pregnancy success rates reported to have been achieved by clinics. Therefore, displaying this message, as well as the other messages outlined herein, is important in providing the public with the most accurate information.

For consistency, for all other clinics that are selected to participate in the NASS data validation and do participate, the following footnote will be added:

CDC conducts data validation of a sample of reporting clinics to assess discrepancy rates for key variables helping, in part, to ensure clinics submit accurate data and to identify any systematic problems. This clinic was visited for validation of (insert: reporting year) data and no systematic problems were identified.

Any messages added to a clinic's success rates page in the ART Fertility Clinic Success Rates Report will appear only for the reporting year that the clinic was selected for validation. These enhanced processes and messages in the annual ART Fertility Clinic Success Rates Report will help to inform the public if there are issues with data quality, thereby increasing the transparency and help ensure the accuracy of the NASS data reporting.

For 2017 reporting year, CDC started reporting cumulative success rates which take into account successes over all embryo transfers within 12-month period from a single oocyte retrieval and, therefore, span two reporting years (83 FR 53253). Effective for data validation conducted in calendar year 2021, data validation approach will be aligned with ART reporting approach and will also span two reporting years. Data validation conducted in 2021 will cover oocyte retrievals conducted in reporting year 2018 and associated embryo transfers that took place within 12-month period from oocyte retrievals (reporting years 2018 and 2019). As a result of this transition to a cumulative approach in data validation and due to impacts of the COVID-19 pandemic (i.e., travel restrictions), no data validations will be conducted in calendar year 2020.

Dated: October 15, 2020.

Sandra Cashman,

Executive Secretary, Centers for Disease Control and Prevention.

[FR Doc. 2020–23188 Filed 10–19–20; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Submission for OMB Review; Identifying and Addressing Human Trafficking in Child Welfare Agencies (New Collection)

AGENCY: Office of Planning, Research, and Evaluation, Administration for Children and Families, HHS.

ACTION: Request for public comment.

SUMMARY: The Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (HHS) is proposing to collect data on child welfare agencies' efforts to identify human trafficking and subsequent service delivery. The goal of the study is to better understand child welfare practice in screening for human trafficking, and the degree to which screening is related to subsequent referrals for, access to, and delivery of specialized services for children identified as trafficking victims or at high risk of trafficking.

DATES: *Comments due within 30 days of publication.* OMB must make a decision about 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.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

SUPPLEMENTARY INFORMATION:

Description: ACF is proposing data collection as part of the study, "Identifying and Addressing Human Trafficking in Child Welfare Agencies," exploring child welfare practice in screening for human trafficking, and the relationship between screening and specialized services.

Primary data collection includes semi-structured qualitative interviews

with state and local human trafficking coordinators (or comparable staff members with greatest knowledge about human trafficking efforts); small group interviews with casework supervisors; and case narrative interviews with caseworkers.

The interviews will be conducted by telephone (25 state agencies) and in-person (up to 8 local agencies or

offices). Interview questions will be focused on how agencies select, train on, and implement screening for human trafficking, the details of screening protocols, and variations in implementation. Questions will also address the availability of specialized services for children identified as trafficking victims or at high risk of trafficking, agency steps based on

positive or suspected screening, and the process for initiating specialized services.

Respondents: State and local human trafficking coordinators, casework supervisors, and caseworkers.

Annual Burden Estimates

Data collection is expected to take place over two years.

Instrument	Number of respondents (total over request period)	Number of responses per respondent (total over request period)	Average burden per response (in hours)	Total burden (in hours)	Annual burden (in hours)
State Human Trafficking Coordinator Telephone Interview Guide	25	1	1.5	37.5	19
Local Human Trafficking Coordinator Interview Guide	8	1	1.5	12	6
Casework Supervisor Group Interview Guide	40	1	1.5	60	30
Caseworker Case Narrative Interview Guide	48	1	1	48	24

Estimated Total Annual Burden Hours: 79.

Authority: Section 476(a)(1–2) (42 U.S.C. 676) of the Social Security Act Part E—Federal Payments for Foster Care and Adoption Assistance.

John M. Sweet Jr.,
ACF/OPRE Certifying Officer.

[FR Doc. 2020–23160 Filed 10–19–20; 8:45 am]

BILLING CODE 4184–25–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2020–N–1058]

Keith Komar: Final Debarment Order

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is issuing an order under the Federal Food, Drug, and Cosmetic Act (FD&C Act) debaring Keith Komar for a period of 5 years from importing or offering for import any drug into the United States. FDA bases this order on a finding that Mr. Komar was convicted of one felony count under Federal law for mail fraud. The factual basis supporting Mr. Komar's conviction, as described below, is conduct relating to the importation into the United States of a drug or controlled substance. Mr. Komar was given notice of the proposed debarment and was given an opportunity to request a hearing to show why he should not be debarred. As of 30 days after receipt of the notice (July 22, 2020), Mr. Komar had not responded. Mr. Komar's failure

to respond and request a hearing constitutes a waiver of his right to a hearing concerning this matter.

DATES: This order is applicable October 20, 2020.

ADDRESSES: Submit applications for termination of debarment to the Dockets Management Staff, Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

FOR FURTHER INFORMATION CONTACT:

Jaime Espinosa, Division of Enforcement, Office of Strategic Planning and Operational Policy, Office of Regulatory Affairs, Food and Drug Administration, 12420 Parklawn Dr., Rockville, MD 20857, 240–402–8743, or at debarments@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Section 306(b)(1)(D) of the FD&C Act (21 U.S.C. 335a(b)(1)(D)) permits debarment of an individual from importing or offering for import any drug into the United States if FDA finds, as required by section 306(b)(3)(C) of the FD&C Act, that the individual has been convicted of a felony for conduct relating to the importation into the United States of any drug or controlled substance. On November 7, 2019, Mr. Komar was convicted, as defined in section 306(l)(1) of the FD&C Act, in the U.S. District Court for the Western District of Pennsylvania, when the court entered judgment against him for the felony offense of mail fraud in violation of 18 U.S.C. 1341.

FDA's finding that debarment is appropriate is based on the felony conviction referenced herein. The factual basis for this conviction is as follows: As contained in count 3 of the

indictment in Mr. Komar's case, filed on November 29, 2017, to which Mr. Komar pleaded guilty, on or about December 7, 2015, Mr. Komar, for the purpose of executing a scheme and artifice to defraud, and in attempting to do so, knowingly caused the U.S. mail to deliver from Mumbai, India, a parcel containing misbranded drugs. Specifically, the parcel contained 30 tablets of the unapproved new prescription drug bicalutamide and 30 gelcaps of the unapproved new prescription drug isotretinoin. These drugs were misbranded because, as contained in the indictment in Mr. Komar's case, they were dispensed to consumers without a valid prescription from a practitioner licensed by law to administer such drugs, and they did not contain labeling bearing adequate directions for use. As detailed in facts contained in counts 1, 2, and 4 of Mr. Komar's indictment (facts which Mr. Komar acknowledged responsibility for in his plea agreement), Mr. Komar was part of a criminal conspiracy. As part of this criminal conspiracy, Mr. Komar's intent was to fraudulently import this misbranded bicalutamide and isotretinoin and sell them in interstate commerce to customers of Mr. Komar's websites. On these websites Mr. Komar made a number of false statements to potential customers, such as that he provided "high quality, safe, and approved medications meeting or exceeding the U.S. FDA standard." In addition, Mr. Komar later did in fact cause the introduction and delivery for introduction of misbranded drugs (bicalutamide and isotretinoin) into interstate commerce with the intent to defraud and mislead by selling these unapproved new prescription drugs to a

customer who did not have a prescription for them. A member of the conspiracy caused the customs declaration on the parcel to falsely report that the parcel contained a health product sample with no declared value.

As a result of this conviction, FDA sent Mr. Komar, by certified mail on June 11, 2020, a notice proposing to debar him for a 5-year period from importing or offering for import any drug into the United States. The proposal was based on a finding under section 306(b)(3)(C) of the FD&C Act that Mr. Komar's felony conviction for one felony count under Federal law for mail fraud was for conduct relating to the importation into the United States of any drug or controlled substance because he illegally caused bicalutamide and isotretinoin to be introduced in interstate commerce from Mumbai, India, by selling to a consumer who did not have a prescription through the U.S. mail in violation of 18 U.S.C. 1341.

In proposing a debarment period, FDA weighed the considerations set forth in section 306(c)(3) of the FD&C Act that it considered applicable to Mr. Komar's offenses and concluded that this felony offense warranted the imposition of a 5-year period of debarment. The proposal informed Mr. Komar of the proposed debarment and offered Mr. Komar an opportunity to request a hearing, providing him 30 days from the date of receipt of the letter in which to file the request, and advised him that failure to request a hearing constituted a waiver of the opportunity for a hearing and of any contentions concerning this action. Mr. Komar received the proposal and notice of opportunity for a hearing on June 22, 2020. Mr. Komar failed to request a hearing within the timeframe prescribed by regulation and has, therefore, waived his opportunity for a hearing and waived any contentions concerning his debarment (21 CFR part 12).

II. Findings and Order

Therefore, the Assistant Commissioner, Office of Human and Animal Food Operations, under section 306(b)(3)(C) of the FD&C Act, under authority delegated to the Assistant Commissioner, finds that Mr. Keith Komar has been convicted of a felony under Federal law for conduct relating to the importation into the United States of any drug or controlled substance. FDA finds that the offense should be accorded a debarment period of 5 years as provided by section 306(c)(2)(A)(iii) of the FD&C Act.

As a result of the foregoing finding, Mr. Komar is debarred for a period of 5

years from importing or offering for import any drug into the United States, effective (see **DATES**). Pursuant to section 301(cc) of the FD&C Act (21 U.S.C. 331(cc)), the importing or offering for import into the United States of any drug or controlled substance by, with the assistance of, or at the direction of Mr. Komar is a prohibited act.

Any application by Mr. Komar for termination of debarment under section 306(d)(1) of the FD&C Act should be identified with Docket No. FDA-2020-N-1058 and sent to the Dockets Management Staff (see **ADDRESSES**). The public availability of information in these submissions is governed by 21 CFR 10.20(j).

Publicly available submissions will be placed in the docket and will be viewable at <https://www.regulations.gov> or at the Dockets Management Staff (see **ADDRESSES**) between 9 a.m. and 4 p.m., Monday through Friday, 240-402-7500.

Dated: October 13, 2020.

Lauren K. Roth,

Acting Principal Associate Commissioner for Policy.

[FR Doc. 2020-23135 Filed 10-19-20; 8:45 am]

BILLING CODE 4164-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Submission to OMB for Review and Approval; Public Comment Request; Information Collection Request Title: Maternal Health Portfolio Evaluation Design, OMB No. 0906-xxxx-NEW

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with of the Paperwork Reduction Act of 1995, HRSA has submitted an Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and approval. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public during the review and approval period. OMB may act on HRSA's ICR only after the 30 day comment period for this notice has closed.

DATES: Comments on this ICR should be received no later than November 19, 2020.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT: To request a copy of the clearance requests submitted to OMB for review, email Lisa Wright-Solomon, the HRSA Information Collection Clearance Officer at paperwork@hrsa.gov or call (301) 443-1984.

SUPPLEMENTARY INFORMATION:

Information Collection Request Title: Maternal Health Portfolio Evaluation Design, OMB No. 0906-xxxx [NEW].

Abstract: HRSA programs provide health care to people who are geographically isolated, economically, or medically vulnerable. HRSA programs help those in need of high quality primary health care, such as pregnant women and mothers. Improving maternal health outcomes and access to quality maternity care services is a key component of the HRSA mission. HRSA's Maternal and Child Health Bureau (MCHB) provides funding to address some of the most urgent issues influencing the high rates of maternal mortality. Recent efforts to address persistent disparities in maternal, infant, and child health have employed a "life course" perspective and health equity lens focused on health promotion and disease prevention. Life course approach can be defined as analyzing people's lives within structural, social, and cultural contexts through a defined sequence of age categories that people are normally expected to pass through as they progress from birth to death. Health equity is defined as the attainment of the highest level of health for all people.

Achieving health equity for pregnant and postpartum women will require attention to barriers in access to quality health services and promotion of equal opportunities to seek the highest possible level of health and well-being. Achieving health equity also requires a focus on social determinants of health.

With this emphasis on improving maternal health across the life course and promoting optimal health for all mothers, HRSA is employing a multipronged strategy to address maternal mortality and severe maternal morbidity through the following suite of programs:

1. The State Maternal Health Innovation Program;

2. The Alliance for Innovation on Maternal Health Program;

3. The Alliance for Innovation on Maternal Health—Community Care Initiative;

4. The Rural Maternity and Obstetrics Management Strategies Program; and,

5. The Supporting Maternal Health Innovation Program.

MCHB is conducting a portfolio-wide evaluation of HRSA-supported Maternal Health (MH) Programs with a primary focus on reducing maternal mortality. Through this evaluation, MCHB seeks to identify individual and/or collective strategies, interrelated activities, and common themes within and across the MH Programs that may be contributing to or driving improvements in key maternal health outcomes. MCHB seeks to ascertain which components should be elevated and replicated to the national level, as well as inform future investments to reduce rates of maternal mortality and severe maternal morbidity.

A 60-day notice was published in the **Federal Register** on June 8, 2020, vol. 85, No. 110; pp. 34739–40. There were no public comments.

Need and Proposed Use of the Information: MCHB seeks to understand the impact of HRSA's investments in MH programs. These five programs represent a total of 12 state-based programs and three programs with the potential for national reach. In understanding the strategies that are most effective in reducing maternal morbidity and mortality, program elements could be replicated and/or scaled up nationally.

Likely Respondents: Likely respondents are recipients of the cooperative agreements mentioned above (The State Maternal Health Innovation Program; The Alliance for Innovation on Maternal Health Program; The Alliance for Innovation on Maternal Health—Community Care Initiative; The Rural Maternity and Obstetrics Management Strategies Program; and,

The Supporting Maternal Health Innovation Program) which represents 11 state health agencies, two national organizations, and two academic organizations.

Burden Statement: Burden in this context means the time expended by persons to generate, maintain, retain, disclose or provide the information requested. This includes the time needed to review instructions; to develop, acquire, install, and utilize technology and systems for the purpose of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information; to search data sources; to complete and review the collection of information; and to transmit or otherwise disclose the information. The total annual burden hours estimated for this ICR are summarized in the table below.

TOTAL ESTIMATED ANNUALIZED BURDEN—HOURS

Form name	Number of respondents	Number responses per respondent	Total responses	Average burden per response (in hours)	Total burden hours
Instrument 1: Interview guide for grantee staff	75	1	75	1.00	75.0
Instrument 2: Interview guide for HRSA POs	7	1	7	1.50	10.5
Instrument 3: Partnership Survey	290	1	290	0.25	72.5
Instrument 4: Web-based data collection tool	15	1	15	0.50	7.5
Total	387	.....	387	.....	165.5

HRSA specifically requests comments on (1) the necessity and utility of the proposed information collection for the proper performance of the agency's functions, (2) the accuracy of the estimated burden, (3) ways to enhance the quality, utility, and clarity of the information to be collected, and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2020–23114 Filed 10–19–20; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 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: Center for Scientific Review Special Emphasis Panel; Societal and Ethical Issues in Research.

Date: November 12, 2020.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Benjamin Greenberg Shapero, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive,

Room 3182, Bethesda, MD 20892, (301) 402–4786, shaperobg@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Stress, Sleep, Disparities, and Aging.

Date: November 16, 2020.

Time: 12:00 p.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Benjamin G. Shapero, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3182, Bethesda, MD 20892, (301) 402–4786, shaperobg@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowship: Cancer Immunology and Immunotherapy.

Date: November 17–18, 2020.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Sarita Kandula Sastry, Ph.D., Scientific Review Officer, Center for

Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Rm. 4144, MSC 7850, Bethesda, MD 20892, (301) 402-4788, sarita.sastry@nih.gov.

Name of Committee: AIDS and Related Research Integrated Review Group; HIV Comorbidities and Clinical Studies Study Section.

Date: November 17–18, 2020.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: David C. Chang, Ph.D., Scientific Review Officer, Center for Scientific Review, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 451-0290, changdac@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Non-HIV Anti-viral Therapeutics.

Date: November 17–18, 2020.

Time: 9:00 a.m. to 7:30 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Bidyottam Mittra, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 435-4057, bidyottam.mittra@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Epidemiology and Population Sciences Fellowships.

Date: November 17–18, 2020.

Time: 9:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Steven Michael Frenk, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3141, MSC 7770, Bethesda, MD 20892, (301) 480-8665, frenksm@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Cell and Molecular Biology.

Date: November 17–18, 2020.

Time: 9:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Tatiana V. Cohen, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5213, Bethesda, MD 20892, 301-455-2364, tatiana.cohen@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Topics in Gastroenterology.

Date: November 17–18, 2020.

Time: 9:30 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Alexander D. Politis, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3210, MSC 7808, Bethesda, MD 20892, (301) 435-1150, politisa@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Eukaryotic Parasites and Vectors.

Date: November 17–18, 2020.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Fouad A. El-Zaatari, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3186, MSC 7808, Bethesda, MD 20892, (301) 435-1149, elzaataf@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: High-End or Shared Electron Microscope Systems (S10).

Date: November 17, 2020.

Time: 10:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Thomas Y. Cho, Ph.D., Scientific Review Officer, Center for Scientific Review, 6701 Rockledge Drive, Rm. 5144, MSC 7840, Bethesda, MD 20892, (301) 402-4179, thomas.cho@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR-19-367: Maximizing Investigators' Research Award (R35—Clinical Trial Optional).

Date: November 17, 2020.

Time: 11:00 a.m. to 2:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Sudha Veeraraghavan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, 301-435-1504, sudha.veeraraghavan@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA Panel: Animal and Biological Resource Centers and Resource-Related Research.

Date: November 17, 2020.

Time: 11:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Guoqin Yu, Ph.D., Scientific Review Officer, Center for Scientific Review, 6701 Rockledge Drive, Bethesda, MD 20892, 301-435-1276, guoqin.yu@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Topics on Metabolism.

Date: November 17, 2020.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Andrew Maxwell Wolfe, Scientific Review Officer, Center for Scientific Review, NIH, 6701 Rockledge Dr., Room 6214, Bethesda, MD 20892, (301) 402-3019, andrew.wolfe@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Research on Psychosocial Factors of Social Connectedness and Isolation on Health, Well-Being, Illness and Recovery.

Date: November 17, 2020.

Time: 12:00 p.m. to 4:30 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Katherine Colona Morasch, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3170, MSC 7848, Bethesda, MD 20892, (301) 594-9147, moraschkc@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: U.S. Tobacco Control Policies to Reduce Health Disparities.

Date: November 17, 2020.

Time: 12:00 p.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Kristen Prentice, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3112, MSC 7808, Bethesda, MD 20892, 301-496-0726, prenticekj@mail.nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: October 14, 2020.

Ronald J. Livingston, Jr.,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2020-23128 Filed 10-19-20; 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 Biobehavioral and Behavioral Sciences Subcommittee, October 23, 2020, 10:00 a.m. to October 23, 2020, 05:00 p.m., NICHD, 6710B Rockledge Drive, Bethesda, MD 20892 which was published in the **Federal Register** on July 22, 2020, 85 FR 44311.

The meeting format for the CHHD-H Meeting that will be held on October 23, 2020 has changed to a Video Assisted Meeting. The meeting is closed to the public.

Dated: October 14, 2020.

Ronald J. Livingston, Jr.,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2020-23124 Filed 10-19-20; 8:45 am]

BILLING CODE 4140-01-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG-2020-0663]

Information Collection Request to Office of Management and Budget; OMB Control Number: 1625-0109

AGENCY: Coast Guard, DHS.

ACTION: Sixty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625-0109, Drawbridge Operation Regulations; without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

DATES: Comments must reach the Coast Guard on or before December 21, 2020.

ADDRESSES: You may submit comments identified by Coast Guard docket number [USCG-2020-0663] to the Coast Guard using the Federal eRulemaking Portal at <https://www.regulations.gov>.

See the "Public participation and request for comments" portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG-6P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593-7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone 202-475-3528, or fax 202-372-8405, for questions on these documents.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) The practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. Consistent with the requirements of Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, and Executive Order 13777, Enforcing the Regulatory Reform Agenda, the Coast Guard is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, [USCG-2020-0663], and must be received by December 21, 2020.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice, and all public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website's instructions. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. All comments received will be posted without change to <https://www.regulations.gov> and will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Information Collection Request

Title: Drawbridge Operation Regulations.

OMB Control Number: 1625-0109.

Summary: The Bridge Program receives approximately 412 requests from bridge owners per year to change the operating schedule of various drawbridges across the navigable waters of the United States. The information needed for the change to the operating schedule can only be obtained from the bridge owner and is generally provided to the Coast Guard in either written or electronic format.

Need: 33 U.S.C. 499 authorizes the Coast Guard to change the operating schedules drawbridges that cross over navigable waters of the United States.

Forms: None.

Respondents: The public and private owners of bridges over navigable waters of the United States.

Frequency: On occasion.

Hour Burden Estimate: The estimated burden is 1,672 hours a year.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: October 13, 2020.

Kathleen Claffie,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2020-23202 Filed 10-19-20; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG-2020-0666]

Information Collection Request to Office of Management and Budget; OMB Control Number: 1625-0040

AGENCY: Coast Guard, DHS.

ACTION: Sixty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625-0040, Applications for Merchant Mariner Credentials and Medical Certificates; without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

DATES: Comments must reach the Coast Guard on or before December 21, 2020.

ADDRESSES: You may submit comments identified by Coast Guard docket number [USCG-2020-0666] to the Coast Guard using the Federal eRulemaking Portal at <https://www.regulations.gov>. See the "Public participation and request for comments" portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG-6P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593-7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone 202-475-3528, or fax 202-372-8405, for questions on these documents.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) The practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. Consistent with the requirements of Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, and Executive Order 13777, Enforcing the Regulatory Reform Agenda, the Coast Guard is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, [USCG-2020-0666], and must be received by December 21, 2020.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice, and all public comments, are in our online docket at

<https://www.regulations.gov> and can be viewed by following that website's instructions. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. All comments received will be posted without change to <https://www.regulations.gov> and will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Information Collection Request

Title: Applications for Merchant Mariner Credentials and Medical Certificates.

OMB Control Number: 1625-0040.

Summary: This information is necessary to determine competency, character and physical qualifications for the issuance of a Merchant Mariner Credential (MMC) or Medical Certificate.

Need: Title 46 Code of Federal Regulation (CFR) parts 10-13 and 16 detail the requirements for the issuance of an MMC or Medical Certificate.

Forms:

- CG-719B, Application for Merchant Mariner Credential.
- CG-719C, Disclosure Statement for Narcotics, DWI/DUI, and/or Other Convictions.
- CG-719K, Application for Medical Certificate.
- CG-719K/E, Application for Medical Certificate, Short Form.
- CG-719P, DOT/USCG Periodic Drug Testing Form.
- CG-719S, Small Vessel Sea Service Form.

Respondents: Applicants for MMC, whether original, renewal, duplicate, raise of grade, or a new endorsement on a previously issued MMC. Applicants for Medical Certificates to include National and STCW credentialed mariners, and first-class pilots.

Frequency: On occasion.

Hour Burden Estimate: The estimated burden has increased from 47,444 hours to 62,004 hours a year; due to an increase in the estimated annual number of responses.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: October 13, 2020.

Kathleen Claffie,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2020-23204 Filed 10-19-20; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF HOMELAND SECURITY**Coast Guard****[Docket No. USCG–2020–0664]****Information Collection Request to Office of Management and Budget; OMB Control Number: 1625–0119****AGENCY:** Coast Guard, DHS.**ACTION:** Sixty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625–0119, Coast Guard Exchange System Scholarship Application; without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

DATES: Comments must reach the Coast Guard on or before December 21, 2020.

ADDRESSES: You may submit comments identified by Coast Guard docket number [USCG–2020–0664] to the Coast Guard using the Federal eRulemaking Portal at <https://www.regulations.gov>. See the “Public participation and request for comments” portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG–6P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593–7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone 202–475–3528, or fax 202–372–8405, for questions on these documents.

SUPPLEMENTARY INFORMATION:**Public Participation and Request for Comments**

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection’s purpose, the Collection’s likely burden

on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) The practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. Consistent with the requirements of Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, and Executive Order 13777, Enforcing the Regulatory Reform Agenda, the Coast Guard is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, [USCG–2020–0664], and must be received by December 21, 2020.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice, and all public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website’s instructions. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. All comments received will be posted without change to <https://www.regulations.gov> and will include any personal information you have provided. For more about privacy and

submissions in response to this document, see DHS’s eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Information Collection Request

Title: Coast Guard Exchange System Scholarship Application.

OMB Control Number: 1625–0119.

Summary: This information collected on this form allows the Coast Guard Exchange System Scholarship Program Committee to evaluate and rank scholarship applications in order to award the annual scholarships.

Need: Community Services Command Staff Instruction, CSCINST 1780 (series), provides policy and procedure for the award of annual scholarships from the Coast Guard Exchange System to dependents of Coast Guard members and employees. The information collected by this form allows for the awarding of scholarships based upon the criteria and procedures outlined in the Instruction under the auspices of 5 U.S.C. 301.

Forms: CG–5687.

Respondents: Coast Guard dependents.

Frequency: Annually.

Hour Burden Estimate: The estimated burden remains 120 hours per year.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: October 13, 2020.

Kathleen Claffie,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2020–23203 Filed 10–19–20; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY**U.S. Customs and Border Protection****[CBP Dec. 20–17]****Notice of Finding That Certain Stevia Extracts and Derivatives Produced in the People’s Republic of China With the Use of Convict, Forced or Indentured Labor Are Being, or Are Likely To Be, Imported Into the United States**

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

ACTION: General notice of forced labor finding.

SUMMARY: This document notifies the public that the Executive Assistant Commissioner, Office of Trade, of U.S. Customs and Border Protection (CBP), with the approval of the Acting

Secretary of Homeland Security, has determined that stevia extracts and derivatives, mined, produced, or manufactured in the People's Republic of China by the Inner Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co., Ltd. (also referred to herein as "Baoanzhao") with the use of convict, forced or indentured labor, are being, or are likely to be, imported into the United States.

DATES: This Finding applies to any merchandise described in Section II of this Notice that is imported on or after October 20, 2020. It also applies to merchandise which has already been imported and has not been released from CBP custody before October 20, 2020.

FOR FURTHER INFORMATION CONTACT: Edward T. Thurmond, Chief, Forced Labor Division, Trade Remedy Law Enforcement Directorate, Office of Trade, (202) 897-9348 or edward.t.thurmond@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Pursuant to section 307 of the Tariff Act of 1930, as amended (19 U.S.C. 1307), "[a]ll goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited." Under this section, "forced labor" includes "all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily" and includes forced or indentured child labor.

The CBP regulations promulgated under the authority of 19 U.S.C. 1307 are found at sections 12.42 through 12.45 of title 19, Code of Federal Regulations (CFR) (19 CFR 12.42–12.45). Among other things, these regulations allow persons outside of CBP to petition the Commissioner of CBP to investigate whether a certain "class of merchandise . . . is being, or is likely to be, imported into the United States [in violation of 19 U.S.C. 1307]." 19 CFR 12.42(a)–(d). CBP also has the authority to self-initiate an investigation. If the Commissioner of CBP finds that the information available "reasonably but not conclusively indicates that merchandise within the purview of section 307 is being, or is likely to be, imported," the Commissioner will order port directors to "withhold release of any such

merchandise pending [further] instructions." 19 CFR 12.42(e). After issuance of a withhold release order, the covered merchandise will be detained by CBP for an admissibility determination and excluded unless the importer demonstrates that the merchandise was not made using forced labor. The importer may also export the merchandise.

These regulations also set forth the procedure for the Commissioner of CBP to issue a Finding when it is determined that the merchandise is subject to the provisions of 19 U.S.C. 1307. Pursuant to 19 CFR 12.42(f), if the Commissioner of CBP finds that merchandise within the purview of 19 U.S.C. 1307 is being, or is likely to be, imported into the United States, the Commissioner of CBP will, with the approval of the Secretary of the Department of Homeland Security (DHS), publish a Finding to that effect in the Customs Bulletin and in the **Federal Register**.¹ Under the authority of 19 CFR 12.44(b), CBP may seize and forfeit imported merchandise covered by a Finding.

On May 20, 2016, CBP issued a withhold release order on "stevia extracts and derivatives" believed to be processed by forced or convict labor in the People's Republic of China by the Inner Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co., Ltd. Through its investigation, CBP has determined that there is sufficient evidence to support the finding that Baoanzhao is a prison/forced labor facility and that stevia extracts and derivatives mined, produced, or manufactured by Baoanzhao are likely being imported into the United States.

II. Finding

A. General

Pursuant to 19 U.S.C. 1307 and 19 CFR 12.42(f), it is hereby determined that certain articles described in paragraph II.B., that are mined, produced or manufactured in whole or in part with the use of convict, forced, or indentured labor by the Inner Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co.,

¹ Although the regulation states that the Secretary of the Treasury must approve the issuance of a Finding, the Secretary of the Treasury delegated this authority to the Secretary of Homeland Security in Treasury Order No. 100-16 (68 FR 28322). In Delegation Order 7010.3, Section II.A.3, the Secretary of Homeland Security delegated the authority to issue a Finding to the Commissioner of CBP, with the approval of the Secretary of Homeland Security. The Commissioner of CBP, in turn, delegated the authority to make a Finding regarding prohibited goods under 19 U.S.C. 1307 to the Executive Assistant Commissioner, Office of Trade.

Ltd. in the People's Republic of China, are being, or are likely to be, imported into the United States. Based upon this determination, the port director may seize the covered merchandise for violation of 19 U.S.C. 1307 and commence forfeiture proceedings pursuant to 19 CFR part 162, subpart E.

B. Articles and Entities Covered by This Finding

This Finding covers stevia leaf (*Stevia rebaudiana*) extracts, or glycosides classified under subheading 2938.90.0000, Harmonized Tariff Schedule of the United States (HTSUS), that are mined, produced or manufactured wholly or in part by the Inner Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co., Ltd. in the People's Republic of China. This entity is also known by the following names: The Inner Mongolia Hengzheng Group Baoanzhao Agriculture and Trade Co., Ltd.; the Inner Mongolia Autonomous Region Prison Administration Bureau Baoanzhao Agriculture and Trade Co., Ltd.; and the Baoanzhao Prison Farm.

The Acting Secretary of Homeland Security has reviewed and approved this Finding.

Dated: October 14, 2020.

Brenda B. Smith,

Executive Assistant Commissioner, Office of Trade.

[FR Doc. 2020-23123 Filed 10-19-20; 8:45 am]

BILLING CODE 9111-14-P

DEPARTMENT OF HOMELAND SECURITY

[Docket No. DHS-2020-0037]

Homeland Security Advisory Council; Meeting

AGENCY: Office of Partnership and Engagement (OPE), Department of Homeland Security (DHS).

ACTION: Notice of partially closed Federal Advisory Committee meeting.

SUMMARY: The Homeland Security Advisory Council (Council) will meet on Thursday, November 12, 2020. The meeting will be partially closed to the public and have both an open session and a closed session.

DATES: The meeting will take place from 1:00 p.m. to 4:00 p.m. EDT on Thursday, November 12, 2020. The meeting will be closed to the public from 1:00 p.m. to 2:00 p.m. EDT. The meeting will be open to the public from 2:05 p.m. to 4:00 p.m. EDT. Please note the meeting may end early if the Council has completed its business.

ADDRESSES: The HSAC meeting will be held via teleconference. Members of the public interested in participating may do so by following the process outlined below (see “Public Participation”). Written public comments prior to the meeting must be received by 5:00 p.m. EDT on Monday, November 9, 2020, and must be identified by Docket No. DHS–2020–0037. Written public comments after the meeting must be identified by Docket No. DHS–2020–0037 and may be submitted by one of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* HSAC@hq.dhs.gov. Include Docket No. DHS–2020–0037 in the subject line of the message.
- *Fax:* (202) 282–9207. Include Mike Miron and the Docket No. DHS–2020–0037 in the subject line of the message.
- *Mail:* Mike Miron, Acting Executive Director of Homeland Security Advisory Council, Office of Partnership and Engagement, Mailstop 0385, Department of Homeland Security, 2707 Martin Luther King Jr. Ave. SE, Washington, DC 20528.

Instructions: All submissions received must include the words “Department of Homeland Security” and “DHS–2020–0037,” the docket number for this action. Comments received will be posted without alteration at <http://www.regulations.gov>, including any personal information provided.

Docket: For access to the docket to read comments received by the Council, go to <http://www.regulations.gov>, search “DHS–2020–0037,” “Open Docket Folder” and provide your comments.

FOR FURTHER INFORMATION CONTACT: Mike Miron at HSAC@hq.dhs.gov or at (202) 447–3135.

SUPPLEMENTARY INFORMATION: Notice of this meeting is given under Section 10(a) of the Federal Advisory Committee Act (FACA), Public Law 92–463 (5 U.S.C. Appendix), which requires each FACA committee meeting to be open to the public.

The Council provides organizationally independent, strategic, timely, specific, actionable advice, and recommendations to the Secretary of Homeland Security on matters related to homeland security. The Council is comprised of leaders of local law enforcement, first responders, Federal, State, and Local governments, the private sector, and academia.

The Council will meet in an open session between 2:05 p.m. to 4:00 p.m. EDT. The Council will review, deliberate, and vote on the final draft reports of the Economic Security,

Biometrics, Information and Communication Technology Risk Reduction subcommittees. The Council will also receive progress reports from the Youth Engagement and Academic Institutions subcommittees.

Participation: Members of the public will be in listen-only mode. The public may register to participate in this meeting via the following procedures. Each individual must provide his or her full legal name and email address no later than 5:00 p.m. EDT on Monday, November 9, 2020 to Mike Miron of the Council via email to HSAC@hq.dhs.gov or via phone at (202) 447–3135. Details on getting access for the conference call will be provided to interested members of the public after the closing of the public registration period and prior to the meeting. For information on services for individuals with disabilities, or to request special assistance, contact Mike Miron at HSAC@hq.dhs.gov or (202) 447–3135 as soon as possible.

The Council will meet in a closed session from 1:00 p.m. to 2:00 p.m. EDT to receive sensitive operational information from senior officials on intelligence, border security, transportation security, cybersecurity and infrastructure. **Basis for Partial Closure:** In accordance with Section 10(d) of FACA, the Acting Secretary of Homeland Security has determined this meeting requires partial closure. The disclosure of the information relayed would be detrimental to the public interest for the following reasons:

The Council will receive closed session briefings containing For Official Use Only and Law Enforcement sensitive information from senior officials. The session is closed under 5 U.S.C. 552b(c)(7)(E) because disclosure of that information could reveal investigative techniques and procedures not generally available to the public, allowing terrorists and those with interests against the United States to circumvent the law and thwart the Department’s strategic initiatives.

Specifically, there will be material presented during the briefings regarding the latest viable threats against the United States and how DHS and other Federal agencies plan to address those threats. The session is closed pursuant to 5 U.S.C. 552b(c)(9)(B) because disclosure of these techniques and procedures could frustrate the successful implementation of protective

measures designed to keep our country safe.

Michael J. Miron,

Acting Executive Director, Homeland Security Advisory Council, Department of Homeland Security.

[FR Doc. 2020–23163 Filed 10–19–20; 8:45 am]

BILLING CODE 9112–FN–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1474 (Final)]

Ultra-High Molecular Weight Polyethylene From Korea; Scheduling of the Final Phase of an Anti-Dumping Duty Investigation

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1474 (Final) pursuant to the Tariff Act of 1930 (“the Act”) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of ultra-high molecular weight polyethylene from Korea, provided for in subheadings 3901.10.10 and 3901.20.10 of the Harmonized Tariff Schedule of the United States, preliminarily determined by the Department of Commerce (“Commerce”) to be sold at less-than-fair-value.

DATES: October 6, 2020.

FOR FURTHER INFORMATION CONTACT: Andres Andrade ((202) 205–2078), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission’s TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Scope.—For purposes of this investigation, Commerce has defined the subject merchandise as ultra-high

molecular weight polyethylene. Ultra-high molecular weight polyethylene is a linear polyethylene, in granular or powder form is defined by its molecular weight, as defined by Margolie's Equation, of greater than 1.0×10^6 g/mol. Ultra-high molecular weight polyethylene may also be defined by its melt mass-flow rate of <0.1 g/10 min, measured at 190 °C and 21.6 kg load, based on the methods and calculations set forth in the International Organization for Standardization (ISO) standards 21304–1 and 21304–2. Ultra-high molecular weight polyethylene has a Chemical Abstract Service (CAS) registry number of 9002–88–4. The scope includes all ultra-high molecular weight polyethylene in granular or powder forms meeting the above specifications but excludes medical-grade ultra-high molecular weight polyethylene. For Commerce's complete scope, please see *Ultra-High Molecular Weight Polyethylene From the Republic of Korea: Preliminary Affirmative Determination of Sales at Less Than Fair Value*, 85 FR 63095, October 6, 2020.

Ultra-high molecular weight polyethylene is reported under the HTSUS statistical reporting numbers 3901.10.1000 and 3901.20.1000. Although the HTSUS statistical reporting numbers and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.

Background.—The final phase of this investigation is being scheduled, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), as a result of an affirmative preliminary determination by Commerce that imports of ultra-high molecular weight polyethylene from Korea are being sold in the United States at less than fair value within the meaning of § 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed effective March 4, 2020, by Celanese Corporation, Irving, Texas.

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A and B (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary

to the Commission, as provided in § 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Please note the Secretary's Office will accept only electronic filings during this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, <https://edis.usitc.gov>.) No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on February 1, 2021, and a public version will be issued thereafter, pursuant to § 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on Thursday, February 18, 2021. Information about the place and form of the hearing, including about how to participate in and/or view the hearing, will be posted on the Commission's website at <https://www.usitc.gov/calendarpad/calendar.html>. Interested parties should check the Commission's website periodically for updates. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before Wednesday, February 10, 2021. A nonparty who has testimony that may aid the

Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should participate in a prehearing conference to be held at 9:30 a.m. on Wednesday, February 17, 2021. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.23 of the Commission's rules; the deadline for filing is February 9, 2021. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is February 25, 2021. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation, including statements of support or opposition to the petition, on or before February 25, 2021. On March 16, 2021, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 18, 2021, but such final comments must not contain new factual information and must otherwise comply with § 207.30 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's *Handbook on Filing Procedures*, available on the Commission's website at https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf, elaborates upon the Commission's procedures with respect to filings.

Additional written submissions to the Commission, including requests pursuant to § 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific

request by a Commissioner or Commission staff.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.21 of the Commission's rules.

By order of the Commission.

Issued: October 14, 2020.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2020–23145 Filed 10–19–20; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1173]

Certain Rotating 3–D LiDAR Devices, Components Thereof, and Sensing Systems Containing the Same Commission Determination Not To Review an Initial Determination Terminating the Investigation as to Respondent Suteng Innovation Technology Co., Ltd. Based on Settlement; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination (“ID”) (Order No. 48) of the presiding administrative law judge (“ALJ”), granting a joint motion to terminate the investigation as to respondent Suteng Innovation Technology Co., Ltd. (a.k.a. RoboSense) (“RoboSense”) based on settlement. The investigation is terminated in its entirety.

FOR FURTHER INFORMATION CONTACT:

Cathy Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone 202–205–2392. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General

information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on September 17, 2019, based on a complaint filed on behalf of Velodyne Lidar, Inc. (“Velodyne”) of San Jose, California. 84 FR 48945 (Sep. 17, 2019). A supplemental complaint was filed on August 28, 2019. The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain rotating 3–D LiDAR devices, components thereof, and sensing systems containing the same by reason of infringement of claims 1–4 and 6–25 of U.S. Patent No. 7,969,558. *Id.* The complaint further alleges that a domestic industry exists. *Id.* The Commission's notice of investigation named as respondents Hesai Photonics Technology Co., Ltd. (“Hesai”) of Shanghai, China; and RoboSense of Shenzhen, Guangdong, China. *Id.* The Office of Unfair Import Investigations is not participating in the investigation. *Id.* Respondent Hesai was terminated from the investigation based on a settlement agreement. *See* Order No. 33 at 1 (July 13, 2020), *unreviewed by* Notice (Aug. 3, 2020).

On September 30, 2020, Velodyne and RoboSense filed a joint motion to terminate the investigation with respect to RoboSense based upon a Litigation Settlement and Patent Cross License Agreement and a Master Framework Agreement. *See* Order No. 48 at 1 (Oct. 1, 2020).

On October 1, 2020, the ALJ issued the subject ID (Order No. 48), granting the joint motion pursuant to Commission Rule 210.21(b), 19 CFR 210.21(b). *Id.* The ALJ found that the motion to terminate complies with the Commission's rules, and there is no evidence that terminating this investigation by settlement would be contrary to the public interest. *Id.* at 3–4. No petitions for review of the ID were filed.

The Commission has determined not to review the subject ID. RoboSense is hereby terminated from the investigation. The investigation is terminated in its entirety.

The Commission vote for this determination took place on October 15, 2020.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and in Part 210 of the Commission's Rules of Practice and Procedure, 19 CFR part 210.

By order of the Commission.

Issued: October 15, 2020.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2020–23194 Filed 10–19–20; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

[OMB Number 1125–0013]

Agency Information Collection Activities; Proposed Collection; Comments Requested; Request by Organization for Accreditation or Renewal of Accreditation of Non-Attorney Representative (Form EOIR–31A)

AGENCY: Executive Office for Immigration Review, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Department of Justice (DOJ), Executive Office for Immigration Review (EOIR), will be 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.

DATES: Comments are encouraged and will be accepted for an additional 30 days until November 19, 2020.

FOR FURTHER INFORMATION CONTACT:

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

If you need a copy of the proposed information collection instrument with instructions or additional information, please contact Lauren Alder Reid, Assistant Director, Office of Policy, Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2500, Falls Church, VA 22041, telephone: (703) 305–0289.

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 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/or
- 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:* Revision of a currently approved collection.

2. *The Title of the Form/Collection:* Request by Organization for Accreditation or Renewal Accreditation of Non-Attorney Representative.

3. *The agency form number:* Form EOIR-31A (OMB 1125-0013).

4. *Affected public who will be asked or required to respond, as well as a brief abstract:* Non-profit organizations seeking accreditation or renewal of accreditation of its representatives by the Office of Legal Access Programs of the Executive Office for Immigration Review (EOIR). Abstract: This information collection will allow an organization to seek accreditation or renewal of accreditation of a non-attorney representatives to appear before EOIR and/or the Department of Homeland Security. This information collection is necessary to determine whether a representatives meet the eligibility requirements for accreditation.

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 818 respondents will complete the form annually with an average of 2 hours per response.

6. *An estimate of the total public burden (in hours) associated with the collection:* There are an estimated 1,636 total annual burden hours associated with this collection.

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.405B, Washington, DC 20530.

Dated: October 15, 2020.

Melody D. Braswell,

Department Clearance Officer for PRA, U.S. Department of Justice.

[FR Doc. 2020-23184 Filed 10-19-20; 8:45 am]

BILLING CODE 4410-30-P

DEPARTMENT OF JUSTICE

[OMB Number 1125-0012]

Agency Information Collection Activities; Proposed Collection; Comments Requested; Request for New Recognition, Renewal of Recognition, Extension of Recognition of a Non-Profit Religious, Charitable, Social Service, or Similar Organization (Form EOIR-31)

AGENCY: Executive Office for Immigration Review, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Department of Justice (DOJ), Executive Office for Immigration Review (EOIR), will be 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.

DATES: Comments are encouraged and will be accepted for an additional 30 days until November 19, 2020.

FOR FURTHER INFORMATION CONTACT:

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

If you need a copy of the proposed information collection instrument with instructions or additional information, please contact Lauren Alder Reid, Assistant Director, Office of Policy, Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2500, Falls Church, VA 22041, telephone: (703) 305-0289.

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 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/or
- 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:* Revision of a currently approved collection.

2. *The Title of the Form/Collection:* Request for New Recognition, Renewal of Recognition, Extension of Recognition of a Non-profit Religious, Charitable, Social Service, or Similar Organization.

3. *The agency form number:* Form EOIR-31 (OMB 1125-0012).

4. *Affected public who will be asked or required to respond, as well as a brief abstract:* Non-profit organizations seeking new recognition, renewal of recognition, or extension of recognition to be recognized as legal service providers by the Office of Legal Access Programs of the Executive Office for Immigration Review (EOIR). Abstract: This information collection will allow an organization for new recognition, renewal of recognition, or extension of recognition to appear before EOIR and/or the Department of Homeland Security. This information collection is necessary to determine whether an organization meets the eligibility requirements for recognition.

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 129 respondents will complete the form for new recognition annually with an average of 2 hours per response. It is estimated that 131 respondents will complete the form for renewal of recognition annually with an average of 7 hours per response.

6. *An estimate of the total public burden (in hours) associated with the collection:* There are an estimated 1,175 (258 for new + 917 for renewals) total annual burden hours associated with this collection.

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.405B, Washington, DC 20530.

Dated: October 15, 2020.

Melody D. Braswell,

Department Clearance Officer for PRA, U.S. Department of Justice.

[FR Doc. 2020-23183 Filed 10-19-20; 8:45 am]

BILLING CODE 4410-30-P

DEPARTMENT OF LABOR

Employee Benefits Security Administration

Proposed Extension of Information Collection Requests Submitted for Public Comment

AGENCY: Employee Benefits Security Administration, Department of Labor.

ACTION: Notice.

SUMMARY: The Department of Labor (the Department), in accordance with the Paperwork Reduction Act, provides the general public and Federal agencies with an opportunity to comment on proposed and continuing collections of information. This helps the Department assess the impact of its information collection requirements and minimize the public's reporting burden. It also helps the public understand the Department's information collection requirements and provide the requested data in the desired format. The Employee Benefits Security Administration (EBSA) is soliciting comments on the proposed extension of the information collection requests (ICRs) contained in the documents described below. A copy of the ICRs may be obtained by contacting the office listed in the **ADDRESSES** section of this notice. ICRs also are available at [reginfo.gov](http://www.reginfo.gov/public/do/PRAMain) (<http://www.reginfo.gov/public/do/PRAMain>).

DATES: Written comments must be submitted to the office shown in the **ADDRESSES** section on or before December 21, 2020.

ADDRESSES: G. Christopher Cosby, Department of Labor, Employee Benefits Security Administration, 200 Constitution Avenue NW, Room N-

5718, Washington, DC 20210, ebbsa.opr@dol.gov, (202) 693-8410, FAX (202) 219-4745 (these are not toll-free numbers).

SUPPLEMENTARY INFORMATION: This notice requests public comment on the Department's request for extension of the Office of Management and Budget's (OMB) approval of ICRs contained in the rules and prohibited transaction exemptions described below. The Department is not proposing any changes to the existing ICRs at this time. An agency may not conduct or sponsor, and a person is not required to respond to, an information collection unless it displays a valid OMB control number. A summary of the ICRs and the current burden estimates follows:

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Delinquent Filer Voluntary Compliance Program.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210-0089.

Affected Public: Private Sector.

Respondents: 11,554.

Responses: 11,554.

Estimated Total Burden Cost (Operating and Maintenance): 898,265.

Description: On April 27, 1995, the Department implemented the Delinquent Filer Voluntary Compliance Program (the DFVC Program). Under the DFVC Program, administrators otherwise subject to the assessment of higher civil penalties are permitted to pay reduced civil penalties for voluntarily complying with the annual reporting requirements under Title I of ERISA. The program also helps plan officials understand the law and gives immediate relief from payment of excise taxes under a class exemption.

This information collection requires providing data necessary to identify the plan along with the penalty payment. With respect to most pension plans and welfare plans, the requirement is satisfied by sending, along with the penalty payment, a copy of the delinquent annual report (without attachments or schedules) which is filed with the Department at a different address under the EFAST system. In the event that the plan administrator files the delinquent annual report using a 1998 or prior plan year form, a paper copy of only the first page of the Form 5500 or Form 5500-C, as applicable, should be submitted along with the penalty payment. With respect to "top hat" plans and apprenticeship plans, the requirement is satisfied by sending a completed first page of an annual report form along with the penalty payment.

The Department has received approval from OMB for this ICR under OMB Control No. 1210-0089. The current approval is scheduled to expire on January 31, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Request for Assistance from the Department of Labor, Employee Benefits Security Administration.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210-0146.

Affected Public: Individual or Households.

Respondents: 7,618.

Responses: 7,618.

Estimated Total Burden Hours: 3,809.

Estimated Total Burden Cost (Operating and Maintenance): 0.

Description: EBSA assists participants in understanding their rights, responsibilities, and benefits under employee benefits laws and intervenes informally on their behalf with the plan sponsor in order to assist them in obtaining the health and retirement benefits to which they may have been inappropriately denied, which can avert the necessity for a formal investigation or a civil action. EBSA has made a request for assistance form available on its website for those wishing to obtain assistance in this manner. This collection of information is an intake form for assistance requests from the public. This information includes the plan type, broad categories of problem type, contact information for responsible parties, and a mechanism for the inquirer to attach relevant documents. The Department has received approval from OMB for this ICR under OMB Control No. 1210-0146. The current approval is scheduled to expire on January 31, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Alternative Method of Compliance for Certain Simplified Employee Pensions.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210-0034.

Affected Public: Private Sector.

Respondents: 35,660.

Responses: 67,930.

Estimated Total Burden Hours: 21,227.

Estimated Total Burden Cost (Operating and Maintenance): 18,556.

Description: The regulation containing the ICR (29 CFR 2520.104-49) relieves sponsors of certain Simplified Employee Pensions (SEPs) from ERISA's Title I reporting and

disclosure requirements by prescribing an alternative method of compliance. This information collection generally requires timely written disclosure to employees eligible to participate in non-model SEPs, including specific information concerning: Participation requirements; allocation formulas for employer contributions; designated contact persons for further information; and, for employer recommended IRAs, specific terms of the IRAs such as rates of return and any restrictions on withdrawals. The Department has received approval from OMB for this ICR under OMB Control No. 1210–0034. The current approval is scheduled to expire on February 28, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Employee Retirement Income Security Act of 1974 Section 408(a) Prohibited Transaction Provisions Exemption Application Procedure.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210–0060.

Affected Public: Private Sector.

Respondents: 37.

Responses: 17,271.

Estimated Total Burden Hours: 1,852.

Estimated Total Burden Cost (Operating and Maintenance): 1,023,418.

Description: This information collection relates to the Department's regulation governing the procedure for filing and processing of applications for administrative exemptions from the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the Internal Revenue Code of 1986 (the Code), and the Federal Employees' Retirement System Act of 1986 (FERSA).

The regulation contains the following collections of information: (1) An applicant for an exemption must disclose information regarding the application and certify that the information is necessary in order for the Department to make an informed determination regarding the application and (2) the applicant must distribute a notice to interested parties, in which participants and beneficiaries are informed of the application for exemption and have an opportunity to respond.

The Department has received approval from OMB for this ICR under OMB Control No. 1210–0060. The current approval is scheduled to expire on February 28, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Investment Advice Participants and Beneficiaries.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210–0134.

Affected Public: Private Sector.

Respondents: 29,838.

Responses: 21,501,930.

Estimated Total Burden Hours: 2,340,981.

Estimated Total Burden Cost (Operating and Maintenance): 278,939,750.

Description: The Department's final rule allows financial services firms, such as a registered investment adviser, bank, or registered broker-dealer, to provide investment advice on its proprietary investment products or other investments that would result in fees or other payments to the firm, if the firm complies with a fee-leveling requirement or the advice is furnished using a certified computer model.

The regulation contains the following collections of information: (1) A fiduciary adviser must furnish an initial disclosure that provides detailed information to participants about an advice arrangement before initially providing investment advice; (2) a fiduciary adviser must engage, at least annually, an independent auditor to conduct an audit of the investment advice arrangement for compliance with the regulation; (3) if the fiduciary adviser provides the investment advice through the use of a computer model, the fiduciary adviser must obtain the written certification of an eligible investment expert as to the computer model's compliance with certain standards (e.g., applies generally accepted investment theories, unbiased operation, objective criteria) set forth in the regulation before providing the advice; and (4) fiduciary advisers must maintain records with respect to the investment advice provided in reliance on the regulation necessary to determine whether the applicable requirements of the regulation have been satisfied.

The Department has received approval from OMB for this ICR under OMB Control No. 1210–0134. The current approval is scheduled to expire on February 28, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Alternative Reporting Methods for Apprenticeship and Training Plans and Top Hat Plans.

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210–0153.

Affected Public: Private Sector.

Respondents: 1,872.

Responses: 1,872.

Estimated Total Burden Hours: 312.

Estimated Total Burden Cost (Operating and Maintenance): 0.

Description: This information collection relates to the Department's final rule providing an alternative method of compliance with the reporting and disclosure requirements of Title I of ERISA for plan administrators to file "top hat" plan statements and apprenticeship and training plan notices with the Department (29 CFR 2520.104–22(c) and 2520.104–23(c)). Beginning in 2019, the regulations were amended to require the notices and statements to be distributed electronically.

The Department has received approval from OMB for this ICR under OMB Control No. 1210–0153. The current approval is scheduled to expire on February 28, 2021.

Agency: Employee Benefits Security Administration, Department of Labor.

Title: Furnishing Documents to the Secretary of Labor on Request Under Employee Retirement Income Security Act Section 104(a)(6).

Type of Review: Extension of a currently approved collection of information.

OMB Number: 1210–0112.

Affected Public: Private Sector.

Respondents: 831.

Responses: 831.

Estimated Total Burden Hours: 55.

Estimated Total Burden Cost (Operating and Maintenance): 3,451.

Description: Plan administrators of ERISA-covered employee benefit plans are not required to file copies of the summary plan descriptions and summaries of material modifications with the Department that are publicly available. This information collection relates to ERISA section 104(a)(6) and 29 CFR 2520.104a–8, which authorize the Department to request these documents when a participant or beneficiary has requested them from her plan administrator and the administrator has failed or refused to provide them. The Department has received approval from OMB for this ICR under OMB Control No. 1210–0112. The current approval is scheduled to expire on June 30, 2021.

Signed at Washington, DC.

Jeanne Klinefelter Wilson,

Acting Assistant Secretary, Employee Benefits Security Administration, Department of Labor.

[FR Doc. 2020–23191 Filed 10–19–20; 8:45 am]

BILLING CODE 4510–29–P

DEPARTMENT OF LABOR**Office of the Secretary****Agency Information Collection Activities; Submission for OMB Review; Comment Request; Manlifts Standard**

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Occupational Safety and Health Administration (OSHA)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that agency receives on or before November 19, 2020.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

Comments are invited on: (1) Whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) if the information will be processed and used in a timely manner; (3) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (4) ways to enhance the quality, utility and clarity of the information collection; and (5) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Crystal Rennie by telephone at 202–693–0456, or by email at DOL_PRA_PUBLIC@dol.gov.

SUPPLEMENTARY INFORMATION: Under the authority granted by the Occupational Safety and Health Act (OSH Act), OSHA published at 29 CFR 1910.68 a safety standard for general industry regulating the use of manlifts ("the Standard"). The paperwork provisions of the Standard specify requirements for inspecting manlifts; and developing, maintaining, and disclosing inspection records. For additional substantive

information about this ICR, see the related notice published in the **Federal Register** on June 2, 2020 (85 FR 33734).

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OSHA.

Title of Collection: Manlifts Standard.

OMB Control Number: 1218–0226.

Affected Public: Private Sector, Business or other for-profits institutions.

Total Estimated Number of Respondents: 3,000.

Total Estimated Number of Responses: 36,000.

Total Estimated Annual Time Burden: 37,800 hours.

Total Estimated Annual Other Costs Burden: \$0.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Crystal Rennie,

Acting Departmental Clearance Officer.

[FR Doc. 2020–23192 Filed 10–19–20; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR**Mine Safety and Health Administration****Petitions for Modification of Application of Existing Mandatory Safety Standards**

AGENCY: Mine Safety and Health Administration, Labor.

ACTION: Notice.

SUMMARY: This notice is a summary of four petitions for modification submitted to the Mine Safety and Health Administration (MSHA) by the parties listed below.

DATES: All comments on the petitions must be received by MSHA's Office of Standards, Regulations, and Variances on or before November 19, 2020.

ADDRESSES: You may submit your comments, identified by "docket

number" on the subject line, by any of the following methods:

1. *Electronic Mail:* zzMSHA-comments@dol.gov.

Include the docket number of the petition in the subject line of the message.

2. *Facsimile:* 202–693–9441.

3. *Regular Mail or Hand Delivery:* MSHA, Office of Standards, Regulations, and Variances, 201 12th Street South, Suite 4E401, Arlington, Virginia 22202–5452, Attention: Roslyn B. Fontaine, Deputy Director, Office of Standards, Regulations, and Variances. Persons delivering documents are required to check in at the receptionist's desk in Suite 4E401. Individuals may inspect copies of the petition and comments during normal business hours at the address listed above.

MSHA will consider only comments postmarked by the U.S. Postal Service or proof of delivery from another delivery service such as UPS or Federal Express on or before the deadline for comments.

FOR FURTHER INFORMATION CONTACT:

Aromie Noe, Office of Standards, Regulations, and Variances at 202–693–9557 (voice), Noe.Song-Ae.A@dol.gov (email), or 202–693–9441 (facsimile). [These are not toll-free numbers.]

SUPPLEMENTARY INFORMATION: Section 101(c) of the Federal Mine Safety and Health Act of 1977 and Title 30 of the Code of Federal Regulations Part 44 govern the application, processing, and disposition of petitions for modification.

I. Background

Section 101(c) of the Federal Mine Safety and Health Act of 1977 (Mine Act) allows the mine operator or representative of miners to file a petition to modify the application of any mandatory safety standard to a coal or other mine if the Secretary of Labor determines that:

1. An alternative method of achieving the result of such standard exists which will at all times guarantee no less than the same measure of protection afforded the miners of such mine by such standard; or

2. The application of such standard to such mine will result in a diminution of safety to the miners in such mine.

In addition, the regulations at 30 CFR 44.10 and 44.11 establish the requirements for filing petitions for modification.

II. Petitions for Modification

Docket Number: M–2020–022–C.

Petitioner: Century Mining LLC, 200 Chapel Brook Drive, Bridgeport, West Virginia 26330.

Mine: Longview Mine, MSHA I.D. No. 46–09447, located in Barbour County, West Virginia.

Regulation Affected: 30 CFR 75.507–1 (Electric equipment other than power-connection points; outby the last open crosscut; return air; permissibility requirements.).

Modification Request: The petitioner requests a modification of the existing standard to permit an alternative method of compliance to allow the use of battery-powered nonpermissible surveying equipment including total station surveying equipment, distance meters, theodolites, and data loggers, in return air, outby the last open crosscut.

The petitioner states that:

(a) To support mining operations, specifically for accurately locating entries, bore holes, gas wells, and other features, mine surveying will be used. Accurate surveying is important for mine required ventilation maps in 30 CFR 75.372 and 75.1200. Surveying technology has advanced greatly in recent years, allowing for increased accuracy, which promotes miner safety. These new surveying systems are battery powered and are not MSHA-certified. For this equipment to be employed in the Longview mine, the petitioner has submitted this petition for modification of 30 CFR 75.507–1(a).

As an alternative to the existing standard, the petitioner proposes the following:

(a) The petitioner proposes to use battery operated transits, total station surveying equipment, distance meters and data loggers in return air, outby the last open crosscut. The petition proposes the use of theodolites and similar low-voltage battery-operated total stations and theodolites if they have an ingress protection (IP) rating of 66 or greater in the subject area, according to this petition.

(1) If the surveying equipment operates using lithium batteries, it must meet the battery safety standard: UL1642 or IEC 62133.

(2) If an IP 66 rating is not possible, the highest IP rating will be used.

(b) A record of the equipment will be kept on mine property in either a secure book or electronically in a secure computer where the records will not be alterable. The record will contain: The date of manufacture and/or the purchase information of each piece of survey equipment, proof of compliance with lithium battery standards, and the original equipment manufacturers' user and maintenance manuals. These records will be made available to MSHA and miners at the mine.

(c) Survey equipment will be examined by a qualified person, as in 30 CFR 75.153, before the equipment is taken underground to ensure safe operating conditions. The minimum

requirements of the examination by a qualified person are the following:

(1) Check the equipment for physical damage and the integrity of the case;

(2) Remove the battery and check for corrosion, if removable;

(3) Inspect the contact points to ensure a secure connection to the battery, if removable;

(4) Reinsert the battery, power up and shut down to ensure proper connections, if accessible;

(5) Check the battery compartment cover or battery attachment to ensure that it is securely fastened; and

(6) For equipment utilizing lithium cells, the cells will be inspected to ensure they are not damaged or swelled in size.

(d) A qualified person, as in 30 CFR 75.512–2, will examine the equipment weekly and record the results. Records will be maintained for at least one year.

(e) The equipment will be serviced per the manufacturers' recommendation, dates of service and a description of any work performed will be recorded.

(f) Surveying equipment will not be used if methane is detected in concentrations at or above 1.0 percent. When 1.0 percent or more methane is detected while such equipment is being used, the equipment will be de-energized immediately and withdrawn outby the last open crosscut. Batteries will not be removed to de-energize equipment due to the possibility of accidental short-circuiting. All requirements of 30 CFR 75.323 will be complied with prior to entering the subject area.

(g) A qualified person, as in 30 CFR 75.100, will conduct a visual examination of the location that the survey equipment will be used in before the equipment is taken into or energized in that area. The visual examination will include: Evidence that the area is properly rock dusted and whether there is an accumulation of combustible material (such as float coal dust). If float coal dust is observed in suspension then the equipment cannot be energized until sufficient rock dusting has been applied and/or the combustible material has been cleaned up or removed.

(h) A methane test will be made at least 12 inches from the roof, face, ribs, and floor (under 30 CFR 75.323) before energizing equipment in the subject area.

(i) Hand-held methane detectors will be MSHA-approved as set forth by 30 CFR 75.320. Measurement devices will be calibrated or bump tested before each shift to ensure that they function properly. Methane detectors will provide visual and audible warnings

when methane is detected above 1.0 percent.

(j) As required by 30 CFR 75.360, the subject area must be pre-shift examined before using surveying equipment. If not examined during the pre-shift, a supplemental examination will be conducted (under 30 CFR 75.361) before a noncertified person enters the subject area.

(k) Prior to survey equipment entering the subject area, a qualified person must confirm, either by measurement or inquiry of the certified person in charge of the section, that the air quantity meets the minimum quantity required by the mine's approved ventilation plan.

(l) Methane will be continuously monitored before and during the use of equipment in the subject area by a qualified person.

(m) Batteries must be "exchanged" in the intake area and no work will be performed on the equipment while in the subject area.

(n) Personnel using the equipment will be qualified, as in 30 CFR 75.153, and trained according to the manufacturer's recommended safe use procedures, including recognizing hazards associated with using equipment where methane could be present.

(o) The above non-permissible survey equipment will be used when production is occurring, if the following conditions are met:

(1) Nonpermissible electronic surveying equipment will not be used in a split of air ventilating an MMU if any ventilation controls will be disrupted during such surveying. Disruption of ventilation controls means any change to the mine's ventilation system that causes the ventilation system not to function in accordance with the mine's approved ventilation plan.

(2) If a surveyor must disrupt ventilation while surveying, the surveyor will stop surveying and communicate to the section foreman that ventilation is disrupted. Production will stop while ventilation is disrupted. Ventilation controls will be reestablished immediately after the disruption is no longer necessary. Production will only resume after all ventilation controls are reestablished and are in compliance with approved ventilation or other plans, and other applicable laws, standards, or regulations.

(3) All surveyors, section foremen, section crew members, and other personnel who will be involved with or affected by surveying operations will receive training in accordance with 30 CFR 48.7 on the requirements of the petition. The training will be completed

before any nonpermissible electronic surveying equipment can be used while production is occurring. The petitioner will keep a record of the training and provide the record to MSHA on request.

(4) The petitioner will provide annual retraining to all personnel who will be involved with or affected by surveying operations in accordance with 30 CFR 48.8. The petitioner will train new miners on the requirements of the petition in accordance with 30 CFR 48.5, and will train experienced miners, as defined in 30 CFR 48.6, on the requirements of the petition in accordance with 30 CFR 48.6. The petitioner will keep a record of the training and provide the record to MSHA personnel on request.

(p) The petitioner asserts that the proposed alternative method will at all times guarantee no less than the same measure of protection afforded by the existing standard.

Docket Number: M–2020–023–C.

Petitioner: Century Mining LLC, 200 Chapel Brook Drive, Bridgeport, West Virginia 26330.

Mine: Longview Mine, MSHA I.D. No. 46–09447, located in Barbour County, West Virginia.

Regulation Affected: 30 CFR 75.507–1 (Electric equipment other than power-connection points; outby the last open crosscut; return air; permissibility requirements.).

Modification Request: The petitioner requests a modification of the existing standard to permit the use of nonpermissible electronic testing and diagnostic equipment, in return air, outby the last open crosscut.

The petitioner states that:

(a) To support mining, electrical testing and diagnostic equipment is necessary. Modern mining equipment includes programmable logic controllers, which use digital signals from machine sensors to make decisions based on logic, to govern machine systems. To troubleshoot such modern systems, as required by 30 CFR 75.503, certain electronic tools are needed such as electronic tachometers. This electronic equipment includes: Laptop computers to communicate with machine control systems; vibration, temperature, and electronic tachometers to support preventative and predictive maintenance to identify hazards; cable fault detectors and insulation testers (meggers), which identify and locate insulation failures in trailing cables, electric motors, and control cables with power removed; oscilloscopes to view machine control and communication signals for proper wave forms frequency and amplitude, removing improper

control signals that can create hazards to mine personnel; voltage, current, resistance, and power test meters for troubleshooting that mining machines and systems are properly functioning. These electronic systems are not currently MSHA-certified and do not meet the requirements of 30 CFR 75.507–1(a). For this equipment to be employed in the Longview mine, the mine operator has submitted this petition for modification.

As an alternative to the existing standard, the petitioner proposes the following:

(a) The petitioner proposes using the following testing and diagnostic equipment in return air, outby the last open crosscut: Laptop computers, oscilloscopes, vibration analysis machines, cable fault detectors, point temperature probes, infrared temperature devices, insulation testers (meggers), voltage, current, resistance meters, power testers, and electronic tachometers. Other testing and diagnostic equipment would also be used if approved in advance by MSHA's District Manager. The petitioner will use more than one piece of testing equipment at the same time.

(b) Methane will be continuously monitored by a qualified person, as defined in 30 CFR 75.151, before and during the use of nonpermissible electronic testing and diagnostic equipment in return air, outby the last open crosscut.

(c) Surveying equipment will not be used if methane is detected in concentrations at or above 1.0 percent. When 1.0 percent or more methane is detected while such equipment is being used, the equipment will be de-energized immediately and withdrawn outby the last open crosscut.

(d) Hand-held methane detectors will be MSHA-approved as set forth by 30 CFR 75.320. They will be maintained in permissible and proper operating condition.

(e) Coal production will be halted, except for when it is necessary to troubleshoot under working mining conditions; coal can remain in or on the equipment to troubleshoot equipment underload. Production will be halted unless testing. Coal accumulation and other combustible materials, as in 30 CFR 75.400, will be removed prior to testing, as a safety precaution.

(f) Nonpermissible testing and diagnostic equipment will not be used for testing when float coal dust is in suspension.

(g) Testing and Diagnostic equipment will be used as recommended by the manufacturer, to ensure safe use procedures.

(h) Miners who will use the above equipment will be trained to understand hazards and limitations associated with the equipment.

(i) Equipment in this petition will be inspected by MSHA before it is put into service underground.

(j) Cables used for powering low-voltage testing and diagnostic equipment will only be utilized when testing and diagnostic equipment is unavailable.

(k) The petitioner asserts that the proposed alternative method will at all times guarantee no less than the same measure of protection afforded by the existing standard.

Docket Number: M–2020–024–C.

Petitioner: Century Mining LLC, 200 Chapel Brook Drive, Bridgeport, West Virginia 26330.

Mine: Longview Mine, MSHA I.D. No. 46–09447, located in Barbour County, West Virginia.

Regulation Affected: 30 CFR 75.1002 (Installation of electric equipment and conductors; permissibility.)

Modification Request: The petitioner requests a modification of the existing standard to permit an alternative method of compliance to allow the use of battery-powered nonpermissible surveying equipment including total station surveying equipment, distance meters, theodolites, and data loggers within 150 feet of pillar workings or longwall faces.

The petitioner states that:

As an alternative to the existing standard, the petitioner proposes the following:

(a) The petitioner proposes to use battery operated transits, total station surveying equipment, distance meters and data loggers within 150 feet of pillar workings or longwall faces. The petition proposes the use of theodolites and similar low-voltage battery-operated total stations and theodolites if they have an ingress protection (IP) rating of 66 or greater within 150 feet of pillar workings or longwall faces, subject to this petition.

(1) If the surveying equipment operates using lithium batteries, it must meet the battery safety standard: UL1642 or IEC 62133.

(2) If an IP 66 rating is not possible, the highest IP rating will be used.

(b) A record of the equipment will be kept on mine property in either a secure book or electronically in a secure computer where the records will not be alterable. The record will contain: The date of manufacture and/or the purchase information of each piece of survey equipment, proof of compliance with lithium battery standards, and the

original equipment manufacturers' user and maintenance manuals. These records will be made available to MSHA and miners at the mine.

(c) Survey equipment will be examined by a qualified person, as in 30 CFR 75.153, before the equipment is taken underground to ensure safe operating conditions. The minimum requirements of the examination by a qualified person are the following:

- (1) Check the equipment for physical damage and the integrity of the case;
- (2) Remove the battery and check for corrosion, if removable;
- (3) Inspect the contact points to ensure a secure connection to the battery, if removable;
- (4) Reinsert the battery, power up and shut down to ensure proper connections, if accessible;
- (5) Check the battery compartment cover or battery attachment to ensure that it is securely fastened; and
- (6) For equipment utilizing lithium cells, the cells will be inspected to ensure they are not damaged or swelled in size.

(d) A qualified person, as in 30 CFR 75.512-2, will examine the equipment weekly and record the results. Records will be maintained for at least one year.

(e) The equipment will be serviced per the manufacturers' recommendation, dates of service and a description of any work performed will be recorded.

(f) Surveying equipment will not be used if methane is detected in concentrations at or above 1.0 percent. When 1.0 percent or more methane is detected while such equipment is being used, the equipment will be de-energized immediately and withdrawn outby the last open crosscut. Batteries will not be removed to de-energize equipment due to the possibility of accidental short-circuiting. All requirements of 30 CFR 75.323 will be complied with prior to entering the subject area.

(g) A qualified person, as in 30 CFR 75.100, will conduct a visual examination of the location that the survey equipment will be used in before the equipment is taken into or energized in that area. The visual examination will include: Evidence that the area is properly rock dusted and whether there is an accumulation of combustible material (such as float coal dust). If float coal dust is observed in suspension then the equipment cannot be energized until sufficient rock dusting has been applied and/or the combustible material has been cleaned up or removed.

(h) A methane test will be made at least 12 inches from the roof, face, ribs, and floor (under 30 CFR 75.323) before

energizing equipment in the subject area.

(i) Hand-held methane detectors will be MSHA-approved as set forth by 30 CFR 75.320. Measurement devices will be calibrated or bump tested before each shift to ensure that they function properly. Methane detectors will provide visual and audible warnings when methane is detected above 1.0 percent.

(j) As required by 30 CFR 75.360, the subject area must be pre-shift examined before using surveying equipment. If not examined pre-shift, a supplemental examination will be conducted (under 30 CFR 75.361) before a noncertified person enters the subject area.

(k) Prior to survey equipment entering the subject area, a qualified person must confirm, either by measurement or inquiry of the certified person in charge of the section, that the air quantity meets the minimum quantity required by the mine's approved ventilation plan.

(l) Methane will be continuously monitored before and during the use of equipment in the subject area by a qualified person.

(m) Batteries must be "exchanged" in the intake area and no work will be performed on the equipment while within the subject area.

(n) Personnel using the equipment will be qualified, as in 30 CFR 75.153, and trained according to the manufacturer's recommended safe use procedures, including recognizing hazards associated with using equipment where methane could be present.

(o) The above non-permissible survey equipment will be used when production is occurring, if the following conditions are met:

(1) Nonpermissible electronic surveying equipment will not be used in a split of air ventilating an MMU if any ventilation controls will be disrupted during such surveying. Disruption of ventilation controls means any change to the mine's ventilation system that causes the ventilation system not to function in accordance with the mine's approved ventilation plan.

(2) If a surveyor must disrupt ventilation while surveying, the surveyor will stop surveying and communicate to the section foreman that ventilation is disrupted. Production will stop while ventilation is disrupted. Ventilation controls will be reestablished immediately after the disruption is no longer necessary. Production will only resume after all ventilation controls are reestablished and are in compliance with approved ventilation or other plans, and other

applicable laws, standards, or regulations.

(3) All surveyors, section foremen, section crew members, and other personnel who will be involved with or affected by surveying operations will receive training in accordance with 30 CFR 48.7 on the requirements of the petition. The training will be completed before any nonpermissible electronic surveying equipment can be used while production is occurring. The petitioner will keep a record of the training and provide the record to MSHA on request.

(4) The petitioner will provide annual retraining to all personnel who will be involved with or affected by surveying operations in accordance with 30 CFR 48.8. The petitioner will train new miners on the requirements of the petition in accordance with 30 CFR 48.5, and will train experienced miners, as defined in 30 CFR 48.6, on the requirements of the petition in accordance with 30 CFR 48.6. The petitioner will keep a record of the training and provide the record to MSHA personnel on request.

(p) The petitioner asserts that the proposed alternative method will at all times guarantee no less than the same measure of protection afforded by the existing standard.

Docket Number: M-2020-025-C.

Petitioner: Century Mining LLC, 200 Chapel Brook Drive, Bridgeport, West Virginia 26330.

Mine: Longview Mine, MSHA I.D. No. 46-09447, located in Barbour County, West Virginia.

Regulation Affected: 30 CFR 75.1002 (Installation of electric equipment and conductors; permissibility.)

Modification Request: The petitioner requests a modification of the existing standard to permit the use of nonpermissible electronic testing and diagnostic equipment within 150 feet of pillar workings or longwall faces.

The petitioner states that:

(a) To support mining, electrical testing and diagnostic equipment is necessary. Modern mining equipment includes programmable logic controllers, which use digital signals from machine sensors to make decisions based on logic, to govern machine systems. To troubleshoot such modern systems, as required by 30 CFR 75.503, certain electronic tools are needed such as electronic tachometers. This electronic equipment includes: Laptop computers to communicate with machine control systems; vibration, temperature, and electronic tachometers to support preventative and predictive maintenance to identify hazards; cable fault detectors and insulation testers

(meggers), which identify and locate insulation failures in trailing cables, electric motors, and control cables with power removed; oscilloscopes to view machine control and communication signals for proper wave forms frequency and amplitude, removing improper control signals that can create hazards to mine personnel; voltage, current, resistance, and power test meters for troubleshooting that mining machines and systems are properly functioning. These electronic systems are not currently MSHA-certified and do not meet the requirements of 30 CFR 75.507–1(a). For this equipment to be employed in the Longview mine, the mine operator has submitted this petition for modification.

As an alternative to the existing standard, the petitioner proposes the following:

(a) The petitioner proposes using the following testing and diagnostic equipment within 150 feet of pillar workings or longwall faces: Laptop computers, oscilloscopes, vibration analysis machines, cable fault detectors, point temperature probes, infrared temperature devices, insulation testers (meggers), voltage, current, resistance meters, power testers, and electronic tachometers. Other testing and diagnostic equipment would also be used if approved in advance by MSHA's District Manager. The petitioner will use more than one piece of testing equipment at the same time.

(b) Methane will be continuously monitored by a qualified person, as defined in 30 CFR 75.151, before and during the use of nonpermissible electronic testing and diagnostic equipment within 150 feet of pillar workings or longwall faces.

(c) Surveying equipment will not be used if methane is detected in concentrations at or above 1.0 percent. When 1.0 percent or more methane is detected while such equipment is being used, the equipment will be de-energized immediately and withdrawn from the area.

(d) Hand-held methane detectors will be MSHA-approved as set forth by 30 CFR 75.320. They will be maintained in permissible and proper operating condition.

(e) Coal production will be halted, except for when it is necessary to troubleshoot under working mining conditions; coal can remain in or on the equipment to troubleshoot equipment underload. Production will be halted unless testing. Coal accumulation and other combustible materials, as in 30 CFR 75.400, will be removed prior to testing, as a safety precaution.

(f) Nonpermissible testing and diagnostic equipment will not be used for testing when float coal dust is in suspension.

(g) Testing and Diagnostic equipment will be used as recommended by the manufacturer, to ensure safe use procedures.

(h) Miners who will use the above equipment will be trained to understand hazards and limitations associated with the equipment.

(i) Equipment in this petition will be inspected by MSHA before it is put into service underground.

(j) Cables used for powering low-voltage testing and diagnostic equipment will only be utilized when testing and diagnostic equipment is unavailable.

(k) The petitioner asserts that the proposed alternative method will at all times guarantee no less than the same measure of protection afforded by the existing standard.

Roslyn Fontaine,

Deputy Director, Office of Standards, Regulations, and Variances.

[FR Doc. 2020–23193 Filed 10–19–20; 8:45 am]

BILLING CODE 4520–43–P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice: 20–085]

Information Collection: Tell Us Your Space Grant Story

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice and request for comments on a new information collection.

SUMMARY: The National Aeronautics and Space Administration, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by December 21, 2020.

ADDRESSES: Submit comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to NASA through the Federal eRulemaking Portal at www.regulations.gov. Select the “Submit a Comment” link listed under this information collection. All submissions received must include the agency name, Docket ID number, and title for this **Federal Register** document.

NASA's general policy is comments and other submissions from the public will be posted without any change, including any personal and/or business confidential information provided. To confirm receipt of your comment(s), please check www.regulations.gov approximately two to three days after submission to verify posting.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Roger Kantz, NASA Clearance Officer, at 281–792–7885 or Roger.T.Kantz@nasa.gov.

SUPPLEMENTARY INFORMATION:

I. Abstract

The NASA Space Grant College and Fellowship Program wants to provide awardees with the opportunity to share with the public the NASA-related activities performed across the country. This collection will capture general information for the public to understand how NASA reaches them in every state and how to engage with the grantees directly.

II. Methods of Collection

All grantees will be set a link to provide the information electronically.

III. Data

Title: Tell Us Your Space Grant Story.

Type of review: Request for a new Information Collection.

Affected Public: Individuals (grantees).

Estimated Annual Number of Activities: 2.

Estimated Number of Respondents per Activity: 52.

Annual Responses: 4.

Estimated Time per Response: 15 minutes.

Estimated Total Annual Burden Hours: 52.

IV. Request for Comments

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; (2) the accuracy of NASA's estimate of the burden (including hours and cost) of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and

included in the request for OMB approval of this information collection.

Roger Kantz,

NASA PRA Clearance Officer.

[FR Doc. 2020-23201 Filed 10-19-20; 8:45 am]

BILLING CODE 7510-13-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice: 20-084]

Information Collection: NASA STEM Better Together: For Stakeholder Success

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice and request for comments for a new information collection.

SUMMARY: The National Aeronautics and Space Administration, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by December 21, 2020.

ADDRESSES: Submit comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to NASA through the Federal eRulemaking Portal at www.regulations.gov. Select the "Submit a Comment" link listed under this information collection. All submissions received must include the agency name, Docket ID number, and title for this **Federal Register** document. NASA's general policy is comments and other submissions from the public will be posted without any change, including any personal and/or business confidential information provided. To confirm receipt of your comment(s), please check www.regulations.gov approximately two to three days after submission to verify posting.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Roger Kantz, NASA Clearance Officer, 281-792-7885, or Roger.T.Kantz@nasa.gov.

SUPPLEMENTARY INFORMATION:

I. Abstract

This information is needed to register principal investigators for a conference is to bring together the Office of STEM Engagement's grantees using an

interactive virtual platform. Attendees will have the opportunity to: (1) Learn more about priorities for the agency overall, its mission directors and the Office of STEM Engagement; (2) participate in sessions led by SMEs to increase their capacity to further NASA's mission and maximize their reach of students from all backgrounds. (3) Formally and informally collaborate and share best practices.

II. Methods of Collection

All participants will be provided a link to register electronically.

III. Data

Title: NASA STEM Better Together: For Stakeholder Success.

Type of review: Request for a new Information Collection.

Affected Public: Individuals.

Estimated Annual Number of Activities: 250.
Estimated Number of Respondents per Activity: 1.

Annual Responses: 250.

Estimated Time per Response: 5 minutes.

Estimated Total Annual Burden Hours: 20.8.

IV. Request for Comments

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; (2) the accuracy of NASA's estimate of the burden (including hours and cost) of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval of this information collection.

Roger Kantz,

NASA PRA Clearance Officer.

[FR Doc. 2020-23190 Filed 10-19-20; 8:45 am]

BILLING CODE 7510-13-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[NOTICE: 20-083]

Information Collection: NASA STEM Better Together: For Stakeholder Success

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice and request for comments for a new information collection.

SUMMARY: The National Aeronautics and Space Administration, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by December 21, 2020.

ADDRESSES: Submit comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to NASA through the Federal eRulemaking Portal at www.regulations.gov. Select the "Submit a Comment" link listed under this information collection. All submissions received must include the agency name, Docket ID number, and title for this **Federal Register** document. NASA's general policy is comments and other submissions from the public will be posted without any change, including any personal and/or business confidential information provided. To confirm receipt of your comment(s), please check www.regulations.gov approximately two to three days after submission to verify posting.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Roger Kantz, NASA Clearance Officer, 281-792-7885, or at Roger.T.Kantz@nasa.gov.

SUPPLEMENTARY INFORMATION:

I. Abstract

This information is needed to register principal investigators for a conference is to bring together the Office of STEM Engagement's grantees using an interactive virtual platform. Attendees will have the opportunity to: (1) Learn more about priorities for the agency overall, its mission directors and the Office of STEM Engagement; (2) participate in sessions led by SMEs to increase their capacity to further NASA's mission and maximize their reach of students from all backgrounds. (3) Formally and informally collaborate and share best practices.

II. Methods of Collection

All participants will be provided a link to register electronically.

III. Data

Title: NASA STEM Better Together: For Stakeholder Success.

Type of review: Request for a new Information Collection.

Affected Public: Individuals.

Estimated Annual Number of Activities: 250.

Estimated Number of Respondents per Activity: 1.

Annual Responses: 250.

Estimated Time per Response: 5 minutes.

Estimated Total Annual Burden Hours: 20.8.

IV. Request for Comments

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; (2) the accuracy of NASA's estimate of the burden (including hours and cost) of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval of this information collection.

Roger Kantz,
NASA PRA Clearance Officer.

[FR Doc. 2020-23189 Filed 10-19-20; 8:45 am]

BILLING CODE 7510-13-P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

National Endowment for the Humanities

Meeting of National Council on the Humanities

AGENCY: National Endowment for the Humanities; National Foundation on the Arts and the Humanities.

ACTION: Notice of meeting.

SUMMARY: Pursuant to the Federal Advisory Committee Act, notice is hereby given that the National Council on the Humanities will meet to advise the Chairman of the National Endowment for the Humanities (NEH) with respect to policies, programs and procedures for carrying out his functions, and to review applications for financial assistance under the National Foundation on the Arts and Humanities Act of 1965 and make recommendations thereon to the Chairman.

DATES: The meeting will be held on Friday, October 23, 2020, from 11:00 a.m. until 1:30 p.m.

ADDRESSES: The meeting will be held by videoconference originating at Constitution Center, 400 7th Street SW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Elizabeth Voyatzis, Committee Management Officer, 400 7th Street SW, 4th Floor, Washington, DC 20506; (202) 606-8322; evoyatzis@neh.gov.

SUPPLEMENTARY INFORMATION: The National Council on the Humanities is meeting pursuant to the National Foundation on the Arts and Humanities Act of 1965 (20 U.S.C. 951-960, as amended). The meeting will begin with remarks from the Chairman, after which the National Council on the Humanities will: (1) Discuss recent Executive Orders and memoranda that affect NEH policies, programs, and procedures; (2) offer recommendations regarding the 2020 Jefferson Lecture; and (3) hear a report on and consider an application for NEH funding through the Division of Public Programs.

This meeting of the National Council on the Humanities will be closed to the public pursuant to sections 552b(c)(4), 552b(c)(6), and 552b(c)(9)(B) of Title 5 U.S.C., as amended, because it will include review of personal and/or proprietary financial and commercial information given in confidence to the agency by grant applicants, and discussion of certain information, the premature disclosure of which could significantly frustrate implementation of proposed agency action. I have made this determination pursuant to the authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings dated April 15, 2016.

Dated: October 15, 2020.

Caitlin Cater,
Attorney-Advisor, National Endowment for the Humanities.

[FR Doc. 2020-23195 Filed 10-19-20; 8:45 am]

BILLING CODE 7536-01-P

NUCLEAR REGULATORY COMMISSION

[NRC-2020-0147]

Information Collection: NRC Form 354, Data Report on Spouse

AGENCY: Nuclear Regulatory Commission.

ACTION: Renewal of existing information collection; request for comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) invites public

comment on the renewal of Office of Management and Budget (OMB) approval for an existing collection of information. The information collection is entitled, NRC Form 354, Data Report on Spouse.

DATES: Submit comments by December 21, 2020. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received on or before this date.

ADDRESSES: You may submit comments by any of the following methods:

- **Federal Rulemaking Website:** Go to <https://www.regulations.gov> and search for Docket ID NRC-2020-0147. For technical questions, contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **Mail comments to:** David Cullison, Office of the Chief Information Officer, Mail Stop: T-6 A10M, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

For additional direction on obtaining information and submitting comments, see "Obtaining Information and Submitting Comments" in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: David Cullison, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-2084; email: Infocollects.Resource@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC-2020-0147 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- **Federal Rulemaking Website:** Go to <https://www.regulations.gov> and search for Docket ID NRC-2020-0147. A copy of the collection of information and related instructions may be obtained without charge by accessing Docket ID NRC-2020-0147 on this website.

- **NRC's Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "Begin Web-based ADAMS Search." For problems with ADAMS, please contact the NRC's Public Document Room

reference staff at 1-800-397-4209, 301-415-4737, or by email to pdr.resource@nrc.gov. A copy of the collection of information and related instructions may be obtained without charge by accessing ADAMS Accession No. ML20217L663. The supporting statement is available in ADAMS under Accession No. ML20217L661.

- *NRC's Clearance Officer*: A copy of the collection of information and related instructions may be obtained without charge by contacting NRC's Clearance Officer, David Cullison, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-2084; email: Infocollects.Resource@nrc.gov.

B. Submitting Comments

Please include Docket ID NRC-2020-0147 in the subject line of your comment submission, in order to ensure that the NRC is able to make your comment submission available to the public in this docket.

The NRC cautions you not to include identifying or contact information in comment submissions that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at <https://www.regulations.gov> as well as enter the comment submissions into ADAMS, and the NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Background

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the NRC is requesting public comment on its intention to request the OMB's approval for the information collection summarized below.

1. *The title of the information collection*: NRC Form 354, Data Report on Spouse.
2. *OMB approval number*: 3150-0026.
3. *Type of submission*: Extension.
4. *The form number, if applicable*: NRC Form 354.
5. *How often the collection is required or requested*: On Occasion.

6. *Who will be required or asked to respond*: NRC contractors, licensees, applicants, and others (e.g., interveners) who marry or cohabitate after completing the Personnel Security Forms, or after having been granted an NRC access authorization or employment clearance.

7. *The estimated number of annual responses*: 50.

8. *The estimated number of annual respondents*: 50.

9. *The estimated number of hours needed annually to comply with the information collection requirement or request*: 12.5.

10. *Abstract*: NRC Form 354 must be completed by NRC contractors, licensees, applicants who marry or cohabitate after completing the Personnel Security Forms, or after having been granted an NRC access authorization or employment clearance. Form 354 identifies the respondent, the marriage, and data on the spouse and spouse's parents. This information permits the NRC to make initial security determinations and to assure there is no increased risk to the common defense and security.

III. Specific Requests for Comments

The NRC is seeking comments that address the following questions:

1. Is the proposed collection of information necessary for the NRC to properly perform its functions? Does the information have practical utility?
2. Is the estimate of the burden of the information collection accurate?
3. Is there a way to enhance the quality, utility, and clarity of the information to be collected?
4. How can the burden of the information collection on respondents be minimized, including the use of automated collection techniques or other forms of information technology?

Dated: October 14, 2020.

For the Nuclear Regulatory Commission.

David C. Cullison,

NRC Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 2020-23156 Filed 10-19-20; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

[NRC-2020-0001]

Sunshine Act Meetings

TIME AND DATE: Weeks of October 19, 26, November 2, 9, 16, 23, 2020.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public.

Week of October 19, 2020

Wednesday, October 21, 2020

9:30 a.m.—Briefing on Human Capital and Equal Employment Opportunity (Public Meeting) (Contact: Randi Neff: 301-287-0583)

Additional Information: The meeting scheduled on October 21, 2020 at 9:30 a.m., Briefing on Human Capital and Equal Employment Opportunity, was previously scheduled to start at 10:00 a.m. Due to COVID-19, there will be no physical public attendance. The public is invited to attend the Commission's meeting live by webcast at the Web address—<https://www.nrc.gov/>.

1:00 p.m.—All Employees Meeting with the Commissioners (Public Meeting) (Contact: Maria Arribas-Colon: 301-415-6026)

Additional Information: Due to COVID-19, there will be no physical public attendance. The public is invited to attend the Commission's meeting live by webcast at the Web address—<https://www.nrc.gov/>.

Week of October 26, 2020—Tentative

There are no meetings scheduled for the week of October 26, 2020.

Week of November 2, 2020—Tentative

Thursday, November 5, 2020

9:00 a.m.—Strategic Programmatic Overview of the Decommissioning and Low-Level Waste and Nuclear Materials Users Business Lines (Public Meeting) (Contact: Celimar Valentin-Rodriguez: 301-415-7124)

Additional Information: Due to COVID-19, there will be no physical public attendance. The public is invited to attend the Commission's meeting live by webcast at the Web address—<https://www.nrc.gov/>.

Week of November 9, 2020—Tentative

There are no meetings scheduled for the week of November 9, 2020.

Week of November 16, 2020—Tentative

Wednesday, November 18, 2020

10:00 a.m.—Meeting with the Advisory Committee on the Medical Uses of Isotopes (Public Meeting) (Contact: Kellee Jamerson: 301-415-7408)

Additional Information: Due to COVID-19, there will be no physical public attendance. The public is invited to attend the Commission's meeting live by webcast at the Web address—<https://www.nrc.gov/>.

Week of November 23, 2020—Tentative

There are no meetings scheduled for the week of November 23, 2020.

CONTACT PERSON FOR MORE INFORMATION:

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 schedule for Commission meetings is subject to change on short notice.

The NRC Commission Meeting Schedule can be found on the internet at: <https://www.nrc.gov/public-involve/public-meetings/schedule.html>.

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 Anne Silk, NRC Disability Program Specialist, at 301-287-0745, by videophone at 240-428-3217, or by email at Anne.Silk@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 by email at Tyesha.Bush@nrc.gov or Marcia.Pringle@nrc.gov.

The NRC is holding the meetings under the authority of the Government in the Sunshine Act, 5 U.S.C. 552b.

Dated: October 16, 2020.

For the Nuclear Regulatory Commission.

Denise L. McGovern,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2020-23326 Filed 10-16-20; 4:15 pm]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA-5612]

Notice of Intention To Cancel Registration Pursuant to Section 203(h) of the Investment Advisers Act of 1940

October 15, 2020.

Notice is given that the Securities and Exchange Commission (the “Commission”) intends to issue an order, pursuant to Section 203(h) of the Investment Advisers Act of 1940 (the “Act”), cancelling the registration of EF Hutton Investments LLC [File No. 801-108464], hereinafter referred to as the “registrant.”

Section 203(h) provides, in pertinent part, that if the Commission finds that any person registered under Section 203, or who has pending an application for registration filed under that section, is no longer in existence, is not engaged in business as an investment adviser, or is prohibited from registering as an investment adviser under section 203A, the Commission shall by order, cancel the registration of such person.

The registrant has not filed a Form ADV amendment with the Commission as required by rule 204-1 under the Act and appears to not be engaged in business as an investment adviser.¹ Accordingly, the Commission believes that reasonable grounds exist for a finding that the registrant is no longer eligible to be registered with the Commission as an investment adviser and that the registration should be cancelled pursuant to section 203(h) of the Act.

Notice is also given that any interested person may, by November 9, 2020, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the cancellation, accompanied by a statement as to the nature of his or her interest, the reason for such request, and the issues, if any, of fact or law proposed to be controverted, and he or she may request that he or she be notified if the Commission should order a hearing thereon. Any such communication should be emailed to the Commission’s Secretary at Secretaries-Office@sec.gov.

At any time after November 9, 2020, the Commission may issue an order cancelling the registration, upon the basis of the information stated above, unless an order for a hearing on the cancellation shall be issued upon request or upon the Commission’s own motion. Persons who requested a hearing, or who requested to be advised as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof. Any adviser whose registration is cancelled under delegated authority may appeal that decision directly to the Commission in accordance with rules 430 and 431 of the Commission’s rules of practice (17 CFR 201.430 and 431).

ADDRESSES: The Commission: Secretaries-Office@sec.gov.

FOR FURTHER INFORMATION CONTACT: Alexis Palascak, Senior Counsel at 202-

¹ Rule 204-1 under the Act requires any adviser that is required to complete Form ADV to amend the form at least annually and to submit the amendments electronically through the Investment Adviser Registration Depository.

551-6999; SEC, Division of Investment Management, Investment Adviser Regulation Office, 100 F Street NE, Washington, DC 20549-8549.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.²

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020-23178 Filed 10-19-20; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90179; File No. SR-CBOE-2020-074]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Granting Approval of a Proposed Rule Change To Adopt Position Compression Cross (“PCC”) Orders for SPX

October 14, 2020.

I. Introduction

On August 19, 2020, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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 adopt Position Compression Cross (“PCC”) orders for S&P 500 Index (“SPX”) options. The proposed rule change was published for comment in the **Federal Register** on September 3, 2020. ³ The Commission received four comments in support of the proposed rule change. ⁴ This order approves the proposed rule change.

² 17 CFR 200.30-5(e)(2).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 89707 (August 28, 2020), 85 FR 55040 (“Notice”).

⁴ See Letter to Vanessa Countryman, Secretary, Commission, dated September 17, 2020, from Steve Crutchfield, Head of Market Structure, CTC, LLC, available at <https://www.sec.gov/comments/sr-cboe-2020-074/sr-cboe2020074-7794086-223555.pdf>; Letter to Vanessa Countryman, Secretary, Commission, dated September 18, 2020, from Joanna Mallers, Secretary, FIA Principal Traders Group, available at <https://www.sec.gov/comments/sr-cboe-2020-074/sr-cboe2020074-7793926-223553.pdf>; Letter to Vanessa Countryman, Secretary, Commission, dated September 18, 2020, from Michael Golding, Head of Trading, Optiver US LLC, and Rutger Brinkhuis, Head of Trading, AMS Derivatives B.V., available at <https://www.sec.gov/comments/sr-cboe-2020-074/sr-cboe2020074-7793838-223548.pdf>; and Comment from Erik Swanson, CEO, Simplex Trading, LLC, dated September 18, 2020, available at <https://www.sec.gov/comments/sr-cboe-2020-074/sr-cboe2020074-7793878-223549.htm>.

II. Summary of the Proposal

As described in more detail in the Notice,⁵ the Exchange proposes to adopt PCC orders to assist Trading Permit Holders (“TPHs”) in reducing their open positions in series of SPX options to reduce the required capital associated with their open SPX positions. The Exchange currently facilitates compression forums on the trading floor at the end of each calendar week, month, and quarter, where TPHs can seek to reduce their open positions in SPX.⁶ These SPX compression forums allow TPHs and their clearing firms to reduce open interest in offsetting SPX positions, which can help clearing brokers that are affiliates of bank holding companies comply with the unique regulatory capital requirements that apply to them. In turn, compression forums may help some firms, particularly market makers, mitigate the effects of capital constraints and provide them with continued access to the capital they need through their clearing brokers to provide liquidity during periods of volatility.

From March 16 to June 12, 2020, the Exchange closed its trading floor in response to the coronavirus pandemic, and as a result, the Exchange operated in an all-electronic configuration.⁷ Because the trading floor was closed during this time, market participants could not participate in open outcry compression forums. To enable TPHs to reduce open interest in SPX options in electronic compression forums when the floor was closed, the Exchange adopted Rule 5.24(e)(1)(E) as part of its Disaster Recovery rule.⁸

Under Rule 5.24(e)(1)(E), when the Exchange’s trading floor becomes inoperable, it can conduct electronic compression forums as frequently as daily.⁹ Those electronic compression forums permit an order in SPX option contracts to be coupled with a contra-side order(s) and be executed automatically on entry without exposure.¹⁰ In order to obtain a clean cross, the orders are required to execute in accordance with the same priority principles that apply to complex orders on the Exchange.¹¹ Specifically: (i) Each option leg may only execute at a price that complies with Rule 5.33(f)(2), provided that no option leg executes at

the same price as a Priority Customer Order in the Simple Book; (ii) each option leg may only execute at a price at or between the national best bid or offer (“NBBO”) for the applicable series; and (iii) the execution price must be better than the price of any complex order resting in the complex order book, unless the submitted complex order was a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.¹² If a compression order could not execute in accordance with these requirements, it would be cancelled.¹³

When the Cboe Options trading floor reopened on June 15, 2020, electronic compression forums were no longer available because the Exchange does not offer electronic compression forums when its trading floor is operable.¹⁴

In light of its recent experience with electronic compression forums, and the interest among certain TPHs that they continue, the Exchange proposes to adopt PCC orders for SPX on a permanent basis and delete its floor-based compression forum rule.¹⁵ The proposed rule explicitly provides that PCC orders, which may be submitted for automatic electronic execution or for manual handling on the trading floor, may only be used to reduce the required capital associated with open SPX positions.¹⁶

To facilitate this proposed rule change, the Exchange first proposes to delete Rule 5.24(e)(1)(E) and reserve Rule 5.88. Second, the Exchange proposes to add PCC orders to its list of orders types under Rule 5.6(c). The procedures for submitting PCC orders will be similar to the procedures that currently apply to open outcry compression forums under Rule 5.88,¹⁷

except that they will allow a clean cross for SPX without exposure either on the floor or electronically. PCC orders will be available during regular trading hours and global trading hours.¹⁸ The same execution and priority protection principles that apply under Rule 5.24(e)(1)(E) will apply to PCC orders,¹⁹ and if a PCC order cannot be executed in accordance with these provisions, it will be cancelled. The PCC order type will also be available for SPX FLEX options.²⁰ Finally, the Exchange proposes to make PCC orders available for PAR routing for manual handling.²¹

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 exchange.²² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,²³ which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange seeks to make the electronic PCC order type permanent, even when the trading floor of the Exchange is operable, and also offer the ability to submit a PCC order for manual handling on the trading floor. This order type will allow TPHs to execute clean

of initially providing individual position files on an anonymous basis and then requiring TPHs to consent to having their identities disclosed since most TPHs submit the compression-list positions with the goal of identifying other TPHs with offsetting positions to enable them to engage in the compression transactions. Lastly, the Exchange will provide two additional types of information in the compression-list positions sent to TPHs: Series positions within a strike range determined by the Exchange and combos (*i.e.*, purchase (sale) of a call and a sale (purchase) of a put with the same expiration date and the strike price) in addition to the currently provided multi-leg positions of vertical call spreads, vertical put spreads, and box spreads. *See id.* at 55042.

¹⁸ *See id.* at 55045, n.38. *See also* Rules 5.32(g) and 5.33(n).

¹⁹ *See supra* note 12 and accompanying text.

²⁰ *See Notice, supra* note 3, at 55045, n.38. *See also* Rule 5.70(a)(2).

²¹ *See id.* at 55045–46. *See also* Rule 5.83(a) and (b); Rule 5.85.

²² 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).

²³ 15 U.S.C. 78f(b)(5).

⁵ *See Notice, supra* note 3.

⁶ *See id.* at 55040. *See also* Cboe Rule 5.88.

⁷ *See id.* at 55041.

⁸ *See* Securities Exchange Act Release No. 88490 (March 26, 2020), 85 FR 18318 (April 1, 2020) (File No. SR-CBOE-2020-026).

⁹ *See id.* at 18319–20.

¹⁰ *See id.* at 18320.

¹¹ *See id.*

¹² *See id.*

¹³ *See id.*

¹⁴ *See Notice, supra* note 3, at 55041.

¹⁵ *See id.* at 55041–46 for a more detailed description of the proposal.

¹⁶ *See* Rule 5.6(c). The Exchange explains that electronic PCC orders are uniquely relevant to SPX options because of the large notational value of SPX contracts and the significant open interest in them. *See Notice, supra* note 3, at 55040.

¹⁷ The PCC order procedures for electronic and open outcry will differ slightly from the open outcry compression forum currently available under Rule 5.88. In particular, the Exchange may make PCC orders available more often than current compression forums, which take place only at the end of the week, month, and quarter. The Exchange will determine the times to permit PCC orders and will provide TPHs with reasonable and sufficient notice before doing so. Additionally, the Exchange will no longer post the compression-list position file on the Exchange’s website because it does not believe those lists are used by TPHs or useful to the public. The new procedure also eliminates the step

crosses of SPX compression forum orders without exposure and they will be available at any point during a month designated by the Exchange rather than just at the end of each calendar week, month, and quarter, as is the case under the current compression forum process.

The affiliation of clearing brokers with bank holding companies has introduced the need for liquidity providers and their clearing firms to more conservatively manage holdings to comply with applicable bank regulatory capital requirements, which particularly affects SPX options given the large notional exposure associated with holdings of SPX by liquidity providers in SPX across a large number of strikes and series. While these positions may be hedged, the applicable bank capital rules currently disregard offsets when calculating the notional value of short positions. As a result, the ability to close and “compress” positions in an efficient, cost-effective manner can help liquidity providers and their clearing firms reduce risk weighted assets and alleviate associated bank capital constraints.

The current floor-based compression forums are labor-intensive and can be inefficient as a result. The Exchange asserts that this proposal will increase the efficiency of SPX compression activity without causing any significant negative effect on price discovery or the ability of a TPH to access liquidity.²⁴ The commenters on the proposal similarly believe the proposal will increase efficiency by providing an electronic risk management tool to reduce SPX risk weighted assets, which will support the ability of SPX liquidity providers to provide displayed quotes in SPX options.²⁵ Accordingly, PCC orders can help assure the continued availability of capital to liquidity providers so that they can quote competitively with size, particularly during periods of heightened volatility, which removes impediments and supports fair and orderly markets to the benefit of investors.

The proposed PCC order type contains the same priority protections that apply under Rule 5.24(e)(1)(E) when the Exchange permits electronic compression orders as clean crosses when its trading floor is inoperable.²⁶

Likewise, PCC orders handled by floor brokers will be covered by the same protections.²⁷ Additionally, under the proposal, TPHs will be permitted to enter PCC orders in the same increment that is currently available for closing transactions in open outcry compression forums, which are increments of \$0.01.²⁸

The Exchange states that the benefits of permitting PCC orders to execute as clean crosses greatly outweigh any detriments that may result from not exposing these orders for potential break up.²⁹ The Exchange notes that the benefits of requiring a TPH to expose an order or a proposed cross generally flow to that order, which benefits include the potential for price improvement and, for single orders, to locate contra-side liquidity.³⁰ In the case of an SPX transaction to reduce risk weighted capital for which a TPH could use the PCC order type, the representing TPH has already located the necessary liquidity prior to submitting the matches for execution, and the ability to execute the single or complex order in full to reduce risk weighted capital is the primary concern.³¹ Any likelihood of another TPH breaking up the PCC order could deter the order-originating TPH from entering its compression order, which would fail to achieve the aims of the compression order and thus fail to mitigate the associated capital constraints that could impact the liquidity provider's continued ability to quote SPX series.³²

Based on the foregoing and for the above reasons, the Commission finds that the proposed rule change is consistent with the requirements of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

IV. Conclusion

It is therefore ordered that, pursuant to Section 19(b)(2) of the Act,³³ the proposed rule change (SR-CBOE-2020-074) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020-23150 Filed 10-19-20; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90176; File No. SR-FINRA-2020-032]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adjust FINRA Fees To Provide Sustainable Funding for FINRA's Regulatory Mission

October 14, 2020.

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 October 2, 2020, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to adjust FINRA fees to provide sustainable funding for FINRA's regulatory mission.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

³⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

²⁴ See Notice, *supra* note 3, at 55041.

²⁵ See *supra* note 4 (citing to the comment letters on the proposal).

²⁶ See Notice, *supra* note 3, at 55045. The Commission also notes that the proposal only allows a TPH to use PCC orders to reduce the required capital associated with the TPH's open SPX positions and the Exchange represents that the Exchange's Regulatory Division will incorporate PCC orders into its surveillance. See *id.* at 55049.

²⁷ See *id.*

²⁸ See *id.* at 55043.

²⁹ See *id.* at 55048.

³⁰ See *id.*

³¹ See *id.* at 55049. See also *supra* note 27.

³² See Notice, *supra* note 3, at 55049.

³³ 15 U.S.C. 78s(b)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Overview

FINRA is submitting this proposed rule change to increase the revenues that FINRA, as a not-for-profit self-regulatory organization ("SRO"), relies upon to fund its regulatory mission. The proposed fee increases are designed to better align FINRA's revenues with its costs while preserving the existing equitable allocation of fees among FINRA members. FINRA has not raised its core member regulatory fees since 2013, even though the overall costs of FINRA's operations have exceeded its total revenues for most of the last decade.

Although the proposed fee increases will not begin to take effect until 2022, FINRA is submitting this proposed rule change now so that it can: (1) Provide significant advance notice of the proposed fee increases to member firms; (2) permit the proposed fee increases to be phased in over multiple years; and (3) continue to strategically "spend down" financial reserves over the next several years, to allow the proposed increases to be gradually phased in as much as possible. The proposed fee increases are intended to provide responsible and sustainable longer-term funding to enable FINRA to accomplish its regulatory mission in a manner consistent with FINRA's public Financial Guiding Principles ("Guiding Principles").⁵

Background

Over the last decade, FINRA's regulatory responsibilities have grown significantly, driven by the proliferation of new investment products and services, the increase in the number of

trading venues and trading volumes, the adoption by the SEC of important new rules that FINRA is charged with overseeing, and other regulatory mandates and market developments.

For example, FINRA must supervise an increasingly complex array of broker-dealer services provided by member firms in the context of a constantly evolving securities market structure. New financial products, such as digital assets and increasingly intricate exchange-traded products, and new trading venues, coupled with pronounced growth in trading volume, require increased examination and surveillance by FINRA staff. In addition, FINRA has made substantial investments in technology and staff to supervise or comply with significant new rules adopted by the SEC, such as the Consolidated Audit Trail, Regulation Best Interest, the Market Access Rule, Regulation Systems Compliance and Integrity, Regulation Crowdfunding, rules concerning the oversight of municipal advisors and security-based swap activities, and amendments to Regulation ATS, Regulation SHO, and Rule 606 of Regulation NMS, among others.

During this time, FINRA has also committed significant resources to support the SEC's increasing reliance on, and oversight of, FINRA as a first-line supervisor of broker-dealers.⁶ For example, in 2019, the SEC's Office of Compliance Inspections and Examinations conducted more than 160 examinations of FINRA, including examinations of critical FINRA program areas as well as oversight reviews of FINRA examinations.⁷

Despite these increasing responsibilities, FINRA has not increased its core regulatory fees materially since 2010 and has not raised these fees at all since 2013. As described more fully below, FINRA has been able to defer fee increases for so long by (1) strategically spending down its financial reserves, and (2) carefully managing its expenses.

As discussed in the Guiding Principles, FINRA has relied on its financial reserves, which originally derived from the sale of Nasdaq, to help support its regulatory mission. From 2010 through 2019, FINRA used over

\$600 million of its financial reserves to fund operating losses and defer fee increases. On average, this support from FINRA's financial reserves amounted to 6.6% of FINRA's operating budget per year. Information about FINRA's financial reserves is provided each year in FINRA's published annual financial reports.⁸

Careful expense management is another key element of the Guiding Principles. Over the last decade, FINRA has managed its expenses responsibly, controlling costs through various initiatives to enhance efficiency and effectiveness. One critical component of FINRA's success in meeting its expanding regulatory responsibilities while exercising careful expense management is the FINRA360 initiative, which launched in 2017 as a comprehensive self-evaluation to identify opportunities for improvement in FINRA's effectiveness and efficiency.⁹ FINRA has also made significant investments in technology, including cloud computing and data science, to enhance regulatory effectiveness with cost-effective tools.

As a result of these efforts, FINRA's expense growth rate from 2010 through 2019 was less than the rate of inflation and significantly lower than expense growth at member firms.¹⁰ Specifically, FINRA's costs increased by 16% cumulatively during the period compared with 42% for the industry, while U.S. core inflation grew by 19%. FINRA's restrained expense growth is the result of careful management of both compensation costs, the largest driver of FINRA's budget, and non-compensation costs. FINRA has been able to maintain relatively flat staffing levels over the last decade and low cumulative compensation growth when compared with average U.S. employee wage growth over the period. FINRA has further been successful in reducing its non-compensation related expenses in recent years, with significant reductions in the last five years across operating expenses (excluding technology) and non-recurring expenses.¹¹

⁸ See *infra* note 45 and accompanying discussion of the reports FINRA publishes and maintains on its website.

⁹ Detailed information about the FINRA360 initiative is available at <https://www.finra.org/about/finra-360>.

¹⁰ FINRA recognizes that firms' expense growth, like that of FINRA, has been driven in part by their increased compliance responsibilities.

¹¹ See *infra* notes 48 through 50 and 53 through 54 and associated discussion for more detailed analysis of the figures discussed in this paragraph and supporting sources. In this paragraph and where noted below, FINRA's discussion of its expenses and revenues over the past decade draw

⁵ See FINRA's Financial Guiding Principles, available at https://www.finra.org/sites/default/files/finra_financial_guiding_principles_0.pdf.

⁶ See Inside the National Exam Program in 2016, Marc Wyatt, Director, Office of Compliance Inspections and Examinations, available at <https://www.sec.gov/news/speech/inside-the-national-exam-program-in-2016.html>.

⁷ See 2020 Examination Priorities, SEC Office of Compliance Inspections and Examinations, available at <https://www.sec.gov/about/offices/ocie/national-examination-program-priorities-2020.pdf>, at 2.

FINRA will continue to carefully manage costs and strategically spend down reserves in the years ahead, but these steps alone are not a sustainable financial strategy in the long term, particularly in the context of FINRA's increasing regulatory responsibilities and finite reserves. Accordingly, consistent with the Guiding Principles, FINRA proposes at this time to adopt a schedule of future fee increases to address the structural deficit in FINRA's budget and provide sustainable funding to carry out its regulatory mission. This proposal is designed around several core elements: (1) Significant advance notice to members before increases take effect, with continued reasonable reliance on FINRA's financial reserves to allow the proposed fee increases to be deferred and gradually phased-in as much as possible;¹² (2) proportional fee increases that largely preserve the existing allocation of fees among members; and (3) FINRA's ongoing commitment to reasonable cost management and rebates to members where revenues exceed costs. These elements are discussed in detail below.

FINRA's Current Fee Structure

As a not-for-profit self-regulatory organization, FINRA relies on a mix of fees that are intended to cover the overall costs of FINRA's operations. The most significant sources of FINRA's funding are three core regulatory fees: The Gross Income Assessment ("GIA"); the Trading Activity Fee ("TAF"); and the Personnel Assessment ("PA"). These fees are used to substantially fund FINRA's regulatory activities, including examinations, financial monitoring, and FINRA's policymaking, rulemaking, and

from the figures that FINRA publishes each year in its Annual Financial Report. Because FINRA's Annual Financial Reports present audited financials on a consolidated basis, these figures include the expenses and revenues for FINRA subsidiaries. Over the last decade, there have been three primary subsidiaries in addition to FINRA Regulation, FINRA's regulatory subsidiary: FINRA Dispute Resolution, the FINRA Investor Education Foundation, and FINRA CAT, LLC. FINRA Dispute Resolution was merged into FINRA Regulation at the end of 2015; the FINRA Investor Education Foundation has existed throughout the last decade, and FINRA CAT, LLC was formed in 2019. While the costs and revenues for these subsidiaries are included where historic expense and revenue figures are drawn from FINRA's consolidated Annual Financial Reports, the FINRA Investor Education Foundation and FINRA CAT, LLC subsidiaries are budgeted for separately and not included in FINRA's public budget summaries; accordingly, where budget projections are discussed in this filing, they do not include the expenses or revenues of FINRA subsidiaries other than FINRA Regulation.

¹² As discussed further below, consistent with the Guiding Principles, FINRA strives to maintain an appropriate level of reserves, which the FINRA Board of Governors has determined to be at least one year of expenditures.

enforcement activities.¹³ Where appropriate, FINRA also employs use-based fees for some of the specific services and data it provides to members and the public in support of its regulatory mission.¹⁴

As FINRA has explained in connection with prior filings to the Commission, because FINRA is a not-for-profit entity it employs this mix of fees to seek recovery of its overall costs in a manner that is fair, reasonable, and equitably allocated among FINRA's member firms. Broadly speaking, each of FINRA's core regulatory fees reflects one of the critical components driving FINRA's regulatory costs with respect to a particular member firm: The size of the firm (measured by revenue), the firm's trading activity; and the number and role of persons registered with the firm.¹⁵

However, FINRA has addressed in prior filings how, in light of its diverse membership of firms that vary greatly in size and business model, it is impossible to develop a comprehensive pricing scheme that precisely accounts for the particulars of each member.¹⁶ Because it is not feasible to associate a direct affiliated revenue stream for each of FINRA's programs—for example, examinations of member firms do not have an associated revenue stream—FINRA has explained that numerous operations and services must be funded by general revenue sources, which include both regulatory assessments and

¹³ See, e.g., Securities Exchange Act Release No. 61042 (November 20, 2009), 74 FR 62616 (November 30, 2009) (Order Approving File No. SR-FINRA-2009-057).

¹⁴ The services covered by these fees currently include initial and annual member registrations, qualification examinations, reviews of corporate filings, review of advertisements and disclosures, and transparency and dispute resolution services. While each of these services has unique attributes, fees for these services generally are based on the use of a particular service. When applying use-based fees, FINRA takes into account three associated types of costs: Direct costs for the program associated with the use-based fee, such as program building and operating expenses, and reinvestments and enhancements; indirect costs for the program, including supporting services necessary for the program's associated regulatory activity; and a contribution to FINRA's overall regulatory operations. See, e.g., Securities Exchange Act Release No. 67247 (June 25, 2012), 77 FR 38866 (June 29, 2012) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2012-030) (discussing how registration fees contribute to FINRA's overall regulatory funding).

¹⁵ The number and role of registered persons also correlates with FINRA's registration, and qualification examination fees, so increases in these fees are also used to equitably allocate the fees across these components of FINRA's costs.

¹⁶ See Letter to Elizabeth M. Murphy, Secretary, SEC, from Brant Brown, Associate General Counsel, FINRA, dated June 19, 2012 (FINRA Response to Comments on File No. SR-FINRA-2012-023).

use-based fees.¹⁷ Similarly, there is no one consistent driver of costs of a particular regulatory program. Even where one cost driver may, at times, align with a particular revenue stream (e.g., as trading activity increases, certain Market Regulation costs may increase), the relationship is not uniform or linear. For instance, novel trading patterns in single or multiple securities may not be associated with significant volume but may require disproportionately large regulatory investment. Likewise, periods of intense market volatility may influence regulatory costs independent of the change in trading volume. As such, FINRA must ensure sufficient funding to meet all of its regulatory obligations notwithstanding the fluctuations in different revenue streams and cost drivers that are naturally expected to occur.

Consistent with this framework, FINRA uses an overall cost-based pricing structure designed to be reasonable, achieve general equity across its membership, and correlate fees with regulatory costs to the extent feasible. Notably, the Commission has approved FINRA's approach to this overall pricing structure and agreed that it "is reasonable in that it achieves a generally equitable impact across FINRA's membership and correlates the fees assessed to the regulatory services provided by FINRA."¹⁸ FINRA continues to believe that this approved approach to overall pricing is the most feasible and equitable way to provide sufficient funding to meet its regulatory obligations given its role as a not-for-profit national securities association and its broad, diverse membership.

FINRA has long used rebates to support its commitment to reasonable, cost-based fee assessments in instances where revenues significantly exceed expenditures. For example, FINRA distributed rebates to members each year from 2000 to 2014. In these years, FINRA generally first distributed to all active members in good standing an initial amount intended to offset their minimum GIA fee,¹⁹ and additional rebates were then provided based on these members' prorated share of

¹⁷ See Letter to Elizabeth M. Murphy, Secretary, SEC, from Philip Shaikun, Associate Vice President and Associate General Counsel, FINRA, dated August 3, 2012 (FINRA Response to Comments on File Nos. SR-FINRA-2012-028; SR-FINRA-2012-029; SR-FINRA-2012-030; and SR-FINRA-2012-031).

¹⁸ See Order Approving SR-FINRA-2009-057, *supra* note 13, 74 FR at 62620.

¹⁹ As discussed below, the minimum GIA fee is \$1,200 per year and would remain unchanged by this proposal.

regulatory fees paid into FINRA.²⁰ To maintain equivalence between revenues and costs, FINRA will be guided by its historical approach to rebates if its revenue in future years exceeds its costs by a material amount.²¹ FINRA's commitment to reasonable cost-based fee levels is further reinforced by its financial transparency, including the revenue and cost information FINRA makes public each year.

Proposal

FINRA is proposing a proportional increase to fees it relies on to substantially fund its regulatory mission in a manner that preserves equitable fee allocation among FINRA members. Specifically, FINRA is proposing increases to its GIA, TAF, PA, member registration, and qualification examination fees, phased in over a three-year period beginning in 2022, as described in detail below for each specific fee change.

In sum, FINRA is targeting the proposed fee increases to generate an additional \$225 million annually once fully implemented in 2024. This targeted revenue amount is calculated to bring FINRA's revenues in line with its anticipated costs, based on FINRA's projected revenue and costs.²² As FINRA noted recently in its 2020 Annual Budget Summary, based on the current fee structure FINRA projected that its overall costs will exceed revenues by \$210.2 million in 2020.²³

²⁰ See, e.g., FINRA 2014 Annual Financial Report, available at https://www.finra.org/sites/default/files/2014_YIR_AFR.pdf, at 9.

²¹ These rebates are approved by the FINRA Board of Governors. A number of factors must be considered when determining whether to provide rebates, including the amount of excess revenue for the year, whether budget projections anticipate near-term revenue shortfalls, and the number of firms that would be eligible to receive rebates. As discussed throughout the filing, FINRA makes information about these factors transparent to the public each year.

²² Anticipated costs would not include potential costs associated with new services that may be initiated or approved in the future. FINRA may submit separate fee filings to cover program costs for new services. Similarly, FINRA notes that program costs associated with the reporting of transactions in U.S. Treasury Securities ("Treasures") are not included in the targeted amount sought by this proposal; currently, Treasures transactions are exempted from both TRACE transaction reporting fees and from the TAF. See Securities Exchange Act Release No. 79116 (October 18, 2016), 81 FR 73167, 73176 (October 24, 2016) (Order Approving File No. SR-FINRA-2016-027).

²³ See FINRA 2020 Annual Budget Summary, available at https://www.finra.org/sites/default/files/2020-05/2020_annual_budget_summary.pdf, at 2. Budget projections discussed in this filing are based on the figures used for the 2020 Annual Budget Summary. Budget projections are evaluated throughout the year, and the steps FINRA would take in the event of materially changed projections are discussed *infra* note 27 and its associated text.

FINRA projects it will need \$225 million in additional annual revenue from the fee increases proposed in this filing by 2024 to achieve sustainable funding for its current regulatory mission, in line with its Guiding Principles.²⁴

Overall, the total fee increase represents just under a 5% compounded annual growth rate ("CAGR") across all FINRA fees between this year and when the proposal is fully implemented in 2024.²⁵ When measured more specifically against the groups of fees impacted by this proposal (FINRA's regulatory fees, along with qualification examination and registration fees), the proposal represents a 6.5% CAGR over the same time frame. However, as

FINRA has provided a detailed program-level summary of its recent budgeting trends from 2018 through 2020 in Chart 1 of Exhibit 3 to this filing. As noted in the chart, while certain program-level budget figures incorporate the costs of contract services, these costs are funded in full by contract fees. Therefore, FINRA's contract services are not funded with any of the regulatory revenues discussed in this filing, and contract service costs do not cause any of the projected revenue shortfalls that this filing is designed to correct. For example, to the extent the direct costs of services provided under Regulatory Services Agreements ("RSAs") are included in the budget shown for Market Regulation, those direct costs are accounted for and fully offset by the revenues derived from the agreements. This includes the costs of shared resources used to provide services under the RSAs, as such costs are tracked and allocated under the agreements. In the event there is an expansion, modification, or termination of such agreements, FINRA would make corresponding adjustments to its budget projections.

²⁴ For purposes of its projections, FINRA assumed a conservative amount of fine money for future years based on historic fine money receipt. FINRA's projections further assumed investment gains of 4.5% annualized, consistent with historical results and FINRA's investment policy.

Like other SROs, FINRA routinely imposes fines on its members or their registered representatives for violations of applicable SEC or SRO rules. Although SROs are not generally restricted by applicable law or regulation in terms of how they may use fine monies, FINRA has determined pursuant to its Guiding Principles to adopt several policies designed to ensure that the collection and use of fine monies are consistent with FINRA's public-interest mission. In particular, the imposition and amount of fines are not based on revenue considerations; FINRA does not establish any minimum amount of fines to be collected for purposes of the FINRA annual budget; fines are not considered in determining employee compensation; FINRA accounts for fine monies separately; fine monies may only be used upon approval by the Board of Governors for certain designated purposes, including for example capital initiatives or non-recurring strategic expenditures that promote effective and efficient regulatory oversight by FINRA; and FINRA publishes an annual report detailing how fine monies have been used. (For example, see FINRA's Report on Use of 2019 Fine Monies, available at <https://www.finra.org/about/annual-reports/report-use-2019-fine-monies>.)

²⁵ Compound average growth rate provides a geometric average of the change in fees over the implementation period. It is particularly useful for comparing growth rates from various sets of data over the same multi-year period.

explained above, because FINRA has been able to defer raising fees for a number of years because of careful expense management and reliance on its financial reserves, FINRA also believes it is appropriate to measure the rate of fee increases since 2011, the year following the last material regulatory fee increase. When measured over this period (2011 through 2024), the proposal represents a 2.4% CAGR across all FINRA fees and a 3.1% CAGR across the groups of fees impacted by this proposal. While this increase is material, FINRA's fees will continue to represent a very small dollar amount relative to industry revenues as reported in FOCUS reports—specifically, when the proposal is implemented in 2024, FINRA estimates that the FINRA fees impacted by the proposal would represent approximately 0.22% (22 basis points) of recent industry revenues.²⁶

In essence, the proposal is designed to preserve the same SEC-approved, equitable fee allocation across members that FINRA has maintained for years. By pursuing a proportional aggregate increase, FINRA designed the proposal to change the distribution of fees across members as little as possible. In other words, FINRA designed the proposal to achieve the targeted revenue amount needed to correct FINRA's structural deficit—expected to be \$225 million by 2024—with a package of specific fee increases that best yielded an equitable overall fee increase across member firm size and type. The five fees included in this proposal—the GIA, TAF, PA, registration, and qualification examination fees—were selected to achieve an overall proportional increase, with minimal distributional impact, because they are the most broadly assessed fees that FINRA relies on to fund its regulatory mission, and they match the main member firm components of FINRA's regulatory costs. By using a combination of fees that apply to different components of a firm's activities, the increase in fees maintains the equitable distribution of fees across varying types of member firms.

When these five fees are grouped according to the three main components of FINRA's regulatory costs—the size of the member firm (GIA), the firm's trading activity (TAF), and the number and role of registered persons with the firm (PA, registration, and qualification examination fees)—they have each

²⁶ As discussed below, this estimate measures the amount of FINRA's regulatory and use-based fees expected in 2024 as a percentage of 2019 industry revenues, assuming no FOCUS revenue growth for member firms over that time period.

contributed roughly the same total revenue by group for the last five years, and collectively they account for roughly 60% of FINRA's total revenues. The proposal is therefore designed as a proportional fee increase, splitting the proposed aggregate fee increase amount of \$225 million evenly across these three categories—\$75 million from the GIA, \$75 million from the TAF, and \$75 million collectively from the representative-based fees (PA, registration, and qualification examination fees). FINRA believes this proportional approach to fee increases will provide member firms a greater degree of certainty and predictability, as it seeks to maintain consistency with FINRA's existing equitable fee distribution. FINRA further believes its proportional approach reduces the potential for unintended impacts on the services provided by member firms, and the business models they adopt, that could arise from significant changes to fee distribution.

To further promote predictability for member firms, FINRA designed the proposal to reach the total targeted revenue amount in 2024 as part of a gradual, multi-year phase-in beginning in 2022. As noted above, during this

time, FINRA will continue to draw an estimated \$400 million from its financial reserves to support the phased implementation. FINRA currently projects it can continue to fund its annual budget deficits from its reserves during the implementation period, at the end of which FINRA projects that its remaining reserves will align with the Board-approved level of appropriate reserves, noted in the Guiding Principles, equal to one year of operating costs. Discussions with members to date confirm that providing notice to member firms now of a future fee increase—with a phase-in beginning in 2022—will provide members with greater certainty regarding their future fee expenses that will be very valuable in their annual budgeting and financial planning processes. If FINRA's actual structural financial deficit is materially reduced during this period relative to current projections—for example, because key assumptions used in those projections are overly conservative—FINRA would submit a new filing to further defer the proposed fee increases or consider other modifications as appropriate.²⁷

Gross Income Assessment

The GIA is a core regulatory fee designed to correlate to one of the three critical components of FINRA's regulatory costs, the size of a firm. Accordingly, the GIA is based on a firm's annual gross revenue,²⁸ employing a seven-tier rate structure that has applied since 2008.²⁹ The current rates are as follows:

- (1) \$1,200 on annual gross revenue up to \$1 million;
- (2) 0.1215% of annual gross revenue greater than \$1 million up to \$25 million;
- (3) 0.2599% of annual gross revenue greater than \$25 million up to \$50 million;
- (4) 0.0518% of annual gross revenue greater than \$50 million up to \$100 million;
- (5) 0.0365% of annual gross revenue greater than \$100 million up to \$5 billion;
- (6) 0.0397% of annual gross revenue greater than \$5 billion up to \$25 billion; and
- (7) 0.0855% of annual gross revenue greater than \$25 billion.

FINRA is proposing the following changes to its GIA tier rates between 2022 and 2024:³⁰

GIA—PROPOSED IMPLEMENTATION

Tier (revenue)	2020 (current)	2021 (no change)	2022	2023	2024
\$0 to \$1 million	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Greater than \$1 million up to \$25 million	0.1215%	0.1215%	0.1346%	0.1511%	0.1732%
Greater than \$25 million up to \$50 million	0.2599%	0.2599%	0.2880%	0.3232%	0.3705%
Greater than \$50 million up to \$100 million	0.0518%	0.0518%	0.0574%	0.0644%	0.0738%
Greater than \$100 million up to \$5 billion	0.0365%	0.0365%	0.0404%	0.0454%	0.0520%
Greater than \$5 billion up to \$25 billion	0.0397%	0.0397%	0.0440%	0.0494%	0.0566%
Greater than \$25 billion	0.0855%	0.0855%	0.0948%	0.1063%	0.1219%

As stated previously, when the new GIA rates are fully implemented in 2024, they are designed to generate an additional \$75 million annually. The proposed GIA increase preserves the existing seven-tier structure and calculation method. With these proposed increases, the GIA structure would continue to reflect the costs associated with performing regulatory

responsibilities across FINRA's diverse population of member firms. The proposal would not increase the flat \$1,200 fee for member firms with revenues of \$1 million or less. Maintaining this fee level for the smallest member firms preserves FINRA's existing approach to cost distribution between member firms of varying sizes, which, as discussed in

further detail below, seeks to prevent regulatory costs from creating an inappropriate barrier to entry. For rates applicable in tiers two through seven, the proposed changes represent progressive yearly increases through the implementation period, beginning with a 10.8% increase across tiers in 2022, a 12.2% increase in 2023, and a 14.7% increase in 2024.

²⁷ Details of the assumptions FINRA used to project costs between 2020 and 2024 are discussed *supra* note 24 and *infra* note 60.

²⁸ Schedule A to the FINRA By-Laws defines gross revenue for assessment purposes as total income as reported on FOCUS form Part II or IIA, excluding commodities income.

²⁹ While the GIA rate structure has not changed since 2008, FINRA made modifications to the method of GIA calculation under the structure in 2009 and 2014. In 2009, the Commission approved a GIA calculation modification designed to mitigate

year-to-year revenue volatility by assessing member firms the greater of a GIA calculated based on the firm's annual gross revenue from the preceding calendar year, or a GIA averaged over the prior three years. *See* Order Approving SR-FINRA-2009-057, *supra* note 13, 74 FR at 62617. In 2014, FINRA refined the GIA calculation method to provide limited relief for smaller member firms from unintended effects of the 2009 calculation change; as a result of the 2014 change, firms that have annual gross revenue of \$25 million or less pay the GIA based on preceding year revenue without looking to a three-year average. *See* Securities

Exchange Act Release No. 73632 (November 18, 2014), 79 FR 69937 (November 24, 2014) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2014-046).

³⁰ FINRA notes the Exhibit 5 to this proposed rule change is marked to show the changes as they are proposed to take effect each year, as described in this filing. Specifically, Exhibit 5A shows the proposed changes that would take effect in 2022, Exhibit 5B shows the proposed changes that would take effect in 2023, and Exhibit 5C shows the proposed changes that would take effect in 2024.

Trading Activity Fee

The TAF is a core regulatory fee designed to correlate to the second critical component of FINRA's regulatory costs, the trading activity of a firm. FINRA initially adopted the TAF in 2002, modeled on the Commission's transaction-based Section 31 fee.³¹ The TAF is generally assessed on the sale of all exchange-listed securities wherever executed (except debt securities that are not TRACE-Eligible Securities), over-the-counter equity securities, security futures, TRACE-Eligible Securities

(provided that the transaction is a Reportable TRACE Transaction), and all municipal securities subject to Municipal Securities Rulemaking Board reporting requirements.³² The current TAF rates, which have not increased since 2012, are:

- (1) \$0.000119 per share for each sale of a covered equity security, with a maximum charge of \$5.95 per trade;
- (2) \$0.002 per contract for each sale of an option;
- (3) \$0.00008 per contract for each round turn transaction of a security future, provided there is a minimum

charge of \$0.01 per round turn transaction;

(4) \$0.00075 per bond for each sale of a covered TRACE-Eligible Security (other than an Asset-Backed Security) and/or municipal security, with a maximum charge of \$0.75 per trade; and

(5) \$0.00000075 times the value, as reported to TRACE, of a sale of an Asset-Backed Security, with a maximum charge of \$0.75 per trade.

FINRA is proposing the following changes to its TAF rates between 2022 and 2024:

TAF—PROPOSED IMPLEMENTATION

Security type	2020 (current)	2021 (no change)	2022	2023	2024
Covered Equity Security.	\$0.000119 per share (up to \$5.95 max per trade).	\$0.000119 per share (up to \$5.95 max per trade).	\$0.000130 per share (up to \$6.49 max per trade).	\$0.000145 per share (up to \$7.27 max per trade).	\$0.000166 per share (up to \$8.30 max per trade).
Options	\$0.002 per contract ...	\$0.002 per contract ...	\$0.00218 per contract	\$0.00244 per contract	\$0.00279 per contract.
Security Future	\$0.00008 per contract (with \$0.01 minimum per round trip transaction).	\$0.00008 per contract (with \$0.01 minimum per round trip transaction).	\$0.00009 per contract (with \$0.011 minimum per round trip transaction).	\$0.00010 per contract (with \$0.012 minimum per round trip transaction).	\$0.00011 per contract (with \$0.014 minimum per round trip transaction).
TRACE-Eligible Security (Other than Asset-Backed Security) or municipal security.	\$0.00075 per bond (up to \$0.75 max per trade).	\$0.00075 per bond (up to \$0.75 max per trade).	\$0.00082 per bond (up to \$0.82 max per trade).	\$0.00092 per bond (up to \$0.92 max per trade).	\$0.00105 per bond (up to \$1.05 max per trade).
TRACE-Eligible Asset-Backed Security.	\$0.00000075 times reported value (up to \$0.75 max per trade).	\$0.00000075 times reported value (up to \$0.75 max per trade).	\$0.00000082 times reported value (up to \$0.82 max per trade).	\$0.00000092 times reported value (up to \$0.92 max per trade).	\$0.00000105 times reported value (up to \$1.05 max per trade).

When the new TAF rates are fully implemented in 2024, they are designed to generate an additional \$75 million annually. The proposed TAF changes reflect proportional increases in the amount raised for each security type—meaning there is no anticipated change in the percentage of overall TAF revenue collected from transactions in each security type—phased in incrementally over the three-year implementation period. Accordingly, while TAF revenues are largely derived

from transactions in equity securities, like the SEC's Section 31 fee, this proposal is intended to preserve the existing distribution of TAF fees among security types.

Personnel Assessment

The PA is a core regulatory fee designed to correlate to the third critical component of FINRA's regulatory costs, the number and role of registered persons at a firm. The PA currently is assessed on a three-tiered rate structure:

Members with one to five registered representatives and principals are assessed \$150 for each such registered person ("Reps" in the chart below); there is a \$140 charge for each of the next 20 registered persons (between 6 and 25); and a \$130 charge for each additional registered person beyond 25. These rates have not increased since 2010.³³ FINRA is proposing the following increases to its PA tier rates between 2022 and 2024:

PA—PROPOSED IMPLEMENTATION

Tier (Number of Reps)	2020 (current)	2021 (no change)	2022	2023	2024
Reps 0–5	\$150	\$150	\$160	\$180	\$210
Reps 6–25	140	140	150	170	200
Reps 26 and greater	130	130	140	160	190

³¹ See Securities Exchange Act Release No. 46416 (August 23, 2002), 67 FR 55901 (August 30, 2002) (Notice of Filing and Immediate Effectiveness of File No. SR-NASD-2002-98).

³² Certain types of transactions are excluded from the TAF—for example, primary market transactions,

proprietary transactions executed by a member on a national securities exchange in the member's capacity as an exchange specialist or market maker, and transactions in U.S. Treasury Securities. See FINRA By-Laws, Schedule A, Section 1(b)(2) (providing full list of transactions exempt from the

TAF). This proposal would not change the scope of any current TAF exemptions, and as discussed *supra* note 22, the proposed TAF rates shown in the chart below for TRACE-Eligible Securities do not apply to Treasuries transactions.

³³ See *Regulatory Notice* 09-68 (November 2009).

When the new PA rates are fully implemented in 2024, they are designed to generate an additional \$38 million annually.

Registration Fees

Registration fees are representative-level fees that, while use-based, also correlate to the third critical component of FINRA’s regulatory costs, the number and role of registered persons at a firm. Section 4 of Schedule A to the FINRA By-Laws establishes fees connected to FINRA’s operation of the Central Registration Depository (“Web CRD®” or “CRD system”), the central licensing

and registration system for the U.S. securities industry. The CRD system contains the registration records of broker-dealer firms and their associated individuals including their qualification, employment, and disclosure histories; it also facilitates the processing of, among other things, form filings and fingerprint submissions.³⁴ The CRD system enables individuals and firms seeking registration with multiple states and SROs to do so by submitting a single form, fingerprint card, and a combined payment of fees to FINRA.

While FINRA continually makes investments to improve the CRD system, it has not increased associated registration fees since 2012. FINRA has explained that these fees are important to fund activities that help ensure the integrity of information in the CRD system—information critical to FINRA and other regulators, as well as to investors through BrokerCheck—and to support FINRA’s overall regulatory mission.³⁵ FINRA is proposing to increase certain registration fees between 2022 and 2024 as follows:

REGISTRATION FEES—PROPOSED IMPLEMENTATION

Fee	2020 (current)	2021 (no change)	2022	2023	2024
Initial/Transfer Registration Form U4 filing ³⁶ .	\$100	\$100	\$125	\$125	\$125.
Termination U5 filing	\$40 (plus \$80 if late filed).	\$40 (plus \$80 if late filed).	\$40 (plus \$80 if late filed).	\$50 (plus \$100 if late filed).	\$50 (plus \$100 if late filed).
System Processing Fee (for each of the member’s registered representatives and principals).	\$45	\$45	\$45	\$45	\$70.
Branch Office Processing Fee (initial and annual).	\$20	\$20	\$75	\$75	\$75.
Disclosure review ³⁷	\$110	\$110	\$110	\$155	\$155.
Fingerprinting ³⁸	\$15	\$15	\$15	\$20	\$20.

FINRA distributed these fee adjustments for registration-related events in a diverse and staggered manner over the implementation period to moderate impact. When all of these proposed registration fee changes are fully implemented in 2024, they are designed to generate an additional \$24 million annually.

Qualification Examination Fees

Like registration fees, qualification examination fees are representative-level fees that, while use-based, also

correlate to the third critical component of FINRA’s regulatory costs, the number and role of registered persons at a firm. Section 4(c) of Schedule A to the FINRA By-Laws sets forth the fees associated with the qualification examinations that FINRA administers. Persons engaged in the investment banking or securities business of a FINRA member who function as principals or representatives are required to register with FINRA in each category of registration appropriate to their functions. Such individuals must pass an appropriate qualification examination or obtain a waiver before

their registration can become effective. These mandatory qualification examinations cover a broad range of subjects regarding financial markets and products, individual responsibilities, securities industry rules, and regulatory structure.

FINRA develops, maintains, and delivers all qualification examinations for individuals who are registered or seeking registration with FINRA.³⁹ FINRA is proposing to increase its examination fees between 2022 and 2024 as follows:

³⁴ Certain information reported to the CRD system is displayed in BrokerCheck®, an electronic system that provides the public with information on the professional background, business practices, and conduct of FINRA members and their associated persons. Investors use BrokerCheck to help make informed choices about the individuals and firms with which they currently conduct or are considering conducting business.

³⁵ See Securities Exchange Act Release No. 67247 (June 25, 2012), 77 FR 38866 (June 29, 2012) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2012-030).

³⁶ This fee applies for each initial or transfer Uniform Application for Securities Industry Registration or Transfer (“Form U4”) filed by a member in the CRD system to register an individual. Section 4(b)(1) of Schedule A includes a discount in cases where a member is transferring the registrations of individuals in connection with the acquisition of all or part of another member’s business. The discount ranges from 10% to 50%, based on the number of registered personnel being transferred. While FINRA is proposing to increase

the registration fee, it is not proposing to make any changes to the discount schedule.

³⁷ This fee applies for the additional processing of each initial or amended Form U4, Form U5, or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings.

³⁸ This fee applies for processing and posting to the CRD system each set of fingerprints submitted electronically by a member to FINRA, plus any other charge that may be imposed by the United States Department of Justice for processing each set of fingerprints.

³⁹ FINRA also administers and delivers examinations sponsored (*i.e.*, developed) by the Municipal Securities Rulemaking Board (“MSRB”) and other SROs, the North American Securities Administrators Association, the National Futures Association, and the Federal Deposit Insurance Corporation. The fees charged for these examinations are set according to contracts with the examination sponsors, and FINRA is not proposing any changes to fees associated with those examinations as part of this proposal. FINRA

believes this approach to raising fees only for examinations developed by FINRA is reasonable because this proposal is designed to raise revenues to align with FINRA’s core regulatory costs, and the examinations developed by FINRA cover activity most closely associated with FINRA’s core regulatory efforts. In addition, the relative number of FINRA-developed examinations, and the relative frequency of their administration, supports the broad distribution of the proposed fee increases in the equitable manner discussed throughout this filing. FINRA notes that because qualification examinations are tied fundamentally to the business an individual engages in, FINRA does not anticipate that the relatively modest proposed fee increases for FINRA’s qualification examinations would create material direct competitive impacts. Where FINRA has identified potential competitive impacts of the proposal overall on firms’ decision to maintain FINRA registration, it has included discussion *infra* note 66 and associated text. FINRA believes a similar analysis applies for both firms and individuals.

QUALIFICATION EXAMINATION FEES—PROPOSED IMPLEMENTATION

Examination No. and name	2020 (current)	2021 (no change)	2022	2023	2024
Securities Industry Essentials (SIE) Examination	\$60	\$60	\$80	\$80	\$80
Series 4: Registered Options Principal Examination	105	105	155	155	155
Series 6: Investment Company Products and Variable Contracts Representative Examination	40	40	75	75	75
Series 7: General Securities Representative Examination	245	245	300	300	300
Series 9: General Securities Sales Supervisor Examina- tion—Options Module	80	80	130	130	130
Series 10: General Securities Sales Supervisor Examina- tion—General Module	125	125	175	175	175
Series 16: Supervisory Analyst Examination	240	240	245	245	245
Series 22: Direct Participation Programs Representative Examination	40	40	60	60	60
Series 23: General Securities Principal Examination— Sales Supervisor Module	100	100	105	105	105
Series 24: General Securities Principal Examination	120	120	175	175	175
Series 26: Investment Company Products and Variable Contracts Principal Examination	100	100	150	150	150
Series 27: Financial and Operations Principal Examination	120	120	175	175	175
Series 28: Introducing Broker-Dealer Financial and Oper- ations Principal Examination	100	100	150	150	150
Series 39: Direct Participation Programs Principal Exam- ination	95	95	100	100	100
Series 57: Securities Trader Examination	60	60	80	80	80
Series 79: Investment Banking Representative Examina- tion	245	245	300	300	300
Series 82: Private Securities Offering Representative Ex- amination	40	40	60	60	60
Series 86: Research Analyst Examination—Analysis	185	185	225	225	225
Series 87: Research Analyst Examination—Regulatory	130	130	150	150	150
Series 99: Operations Professional Examination	40	40	60	60	60

When the new examination fee rates are fully implemented, they are designed to generate an additional \$13 million annually. FINRA is proposing a single fee raise across examinations in 2022; due to the administrative burden placed on member firms to maintain and distribute comprehensive examination fee schedules continuously throughout the year to the large pool of examination enrollees, FINRA believes that this approach will avoid unnecessary confusion and operational burdens. However, the proposed single-year examination fee increase interacts with the overall package of proposed fee increases in a manner that supports the goal of a gradual three-year phased implementation period. In addition, FINRA has determined the amount of each examination fee increase based on the frequency with which the examination is administered, as well as the average fee per hour of examination length. Examinations that are administered more frequently or are longer in duration typically require more effort and cost to develop, maintain, and update, and FINRA is generally proposing greater increases for these examinations as a result, while the proposed examination fee schedule overall is designed to support the broad and equitable distribution of proposed

fee increases, as discussed throughout this filing.

While FINRA has filed the proposed rule change for immediate effectiveness, implementation of the proposed rule change will not begin until January 1, 2022. Beginning in 2022, the fee increases that are the subject of this proposed rule change will be phased in gradually over a three-year period, with full implementation in 2024, to allow FINRA members as much advance notice as possible to plan for these fee increases.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,⁴⁰ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. FINRA further believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that FINRA rules are not designed to permit unfair

discrimination between customers, issuers, brokers or dealers.⁴¹

Reasonableness of the Proposed Fees

As discussed above, FINRA's longstanding approach to funding employs a mix of fees designed to meet FINRA's overall costs. As a not-for-profit SRO with a diverse membership, FINRA designs its mix of fees to seek recovery of its overall regulatory costs in a manner that is fair, reasonable, and equitably allocated among FINRA's member firms and users of FINRA's services. As FINRA has explained in the past, it is not feasible to associate a direct affiliated revenue stream for each of its programs (for example, FINRA collects no revenues in connection with its examinations of member firms), and thus numerous operations and services must be funded by other revenue sources, which include both general regulatory assessments and use-based fees. FINRA continues to believe that its overall Commission-approved cost-based pricing structure is reasonable, achieves general equity across its membership, and correlates fees with those firm components that drive FINRA's regulatory costs to the extent feasible.

⁴⁰ 15 U.S.C. 78o-3(b)(5).

⁴¹ 15 U.S.C. 78o-3(b)(6).

The reasonableness of this proposal, designed to generate an additional \$225 million annually once fully implemented in 2024, is reinforced by three key cost discipline mechanisms: Oversight, transparency, and rebates.

First, FINRA's funding and operations are subject to several layers of oversight, including by the FINRA Board of Governors⁴² and the Commission. As discussed in FINRA's 2020 annual budget summary, FINRA's efforts to manage its expenses responsibly while appropriately funding its mission includes Board oversight of its annual budget, compensation and capital initiatives. This oversight is spearheaded by the Board's key committees (such as its Finance, Operations and Technology Committee), and includes requirements for Board or relevant Committee approval with respect to various financial matters, such as the annual budget, the allocation and use of fine monies, the incurring of any expenses above certain pre-established thresholds, the amount of any annual merit or incentive compensation pools, and the compensation of certain key employees. The Board also relies on expert external consultants where appropriate (e.g., the independent compensation consultant engaged by the Management Compensation Committee). Notably, this Board oversight complements various staff-level controls over routine costs, including expense policies that are enforced with systemic checks and escalating management approval requirements for expense requests, with the effectiveness of these policies further subject to review by FINRA's Internal Audit Department. These controls and the Board's supervision of FINRA's costs has resulted in tightly-controlled expenses that have risen at a rate below that of inflation since 2010.

FINRA is also extensively supervised by the Commission throughout the year. The SEC's Office of Compliance Inspections and Examinations ("OCIE") maintains dedicated staff as part of its FINRA and Securities Industry Oversight ("FSIO") program who are devoted exclusively to overseeing FINRA and the MSRB—the two not-for-profit regulatory SROs—including with respect to FINRA's overall financial management and the adequacy of the resources devoted to its regulatory programs. FSIO and other groups within

OCIE conducted over 160 examinations of FINRA in 2019 alone.⁴³ In addition, rules or fees adopted by FINRA are subject to review by the Commission's Division of Trading and Markets. The Commission's oversight of FINRA, in turn, is itself subject to Congressional oversight and evaluation by the United States Government Accountability Office ("GAO") every three years. By statute, the GAO evaluates ten specific aspects of the Commission's oversight of FINRA, including FINRA governance, executive compensation, and the use of funding to support FINRA's mission, including the methods and sufficiency of funding, how FINRA invests funds pending use, and the impact of these aspects on FINRA's regulatory enforcement. The GAO reports the results of its evaluation to Congress.⁴⁴

Second, FINRA's commitment to reasonable funding in support of its mission is further reinforced by the transparency it has committed to provide on an ongoing basis—pursuant to its Guiding Principles—regarding its financial performance. Each year, FINRA publishes an extensive Annual Financial Report regarding its operations, prepared in accordance with GAAP. In addition, FINRA publishes annual reports on its budget and its use of fine monies. FINRA's Board also reviews and affirms its Financial Guiding Principles each year and republishes these as well. FINRA also files with the IRS the Form 990 mandated for all not-for-profit organizations. Collectively, these reports provide extensive and comprehensive information regarding FINRA's policies and operations with respect to its budgets, revenues, costs, financial reserves, use of fine monies, capital and strategic initiatives, and compensation of senior executives, among other information. FINRA maintains a dedicated web page that consolidates its annual reports in a readily accessible place.⁴⁵

Third, FINRA's commitment as a not-for-profit organization to aligning its revenues with its costs, including by providing rebates when revenues exceed costs, ensures that the revenues from these proposed fee changes will remain in line with FINRA's reasonable regulatory costs. As discussed above and below, FINRA distributed rebates to members each year from 2000 to 2014, and FINRA will continue to be guided

by its historical approach to rebates if its revenue in future years exceeds its costs by a material amount.

Together, these mechanisms help ensure the ongoing reasonableness of FINRA's costs and the level of fees assessed to support those costs. The effectiveness of these mechanisms is demonstrated by FINRA's experience over the last decade, during which, as discussed above and below, FINRA was able to undertake expanding regulatory responsibilities while limiting cumulative cost growth to a rate that was lower than inflation and cost growth at member firms.

The Proposed Fees Are Equitable and Not Unfairly Discriminatory

As discussed throughout this filing, this proposal is designed to increase the fees FINRA relies on to fund its regulatory mission in a manner that preserves equitable and not unfairly discriminatory fee allocation among FINRA members and users of FINRA services. Notably, through this proposal FINRA is preserving the carefully calibrated mix of general assessment and use-based fees to fund its regulatory mission that the Commission previously approved as equitably allocated among its large and diverse membership.

The five fees included in this proposal—the GIA, TAF, PA, member registration, and qualification examination fees—were selected to meet the necessary funding deficit by raising fees proportionately across member firms with minimal distributional impact, because these five fees are the most broadly assessed fees that FINRA relies on to fund its regulatory mission. When these five fees are grouped according to the three key drivers of FINRA's regulatory costs—the size of the firm (GIA), the firm's trading activity (TAF), and the number and role of registered persons with the firm (PA, registration, and qualification examination fees)—they have contributed roughly the same total revenue by group for the last five years.

The proposal is therefore designed as a proportional fee increase, splitting the proposed aggregate fee increase amount of \$225 million evenly across these three cost drivers—\$75 million from the GIA, \$75 million from the TAF, and \$75 million collectively from the representative-based PA, registration, and qualification examination fees. The Commission previously has found aligning fees with these key drivers to be a reasonable basis for the equitable allocation of FINRA's fee assessments.⁴⁶

⁴² The FINRA Board of Governors is composed of a mix of public and industry representatives and uses its diverse expertise to oversee management in the administration of FINRA's affairs and the promotion of FINRA's welfare, objectives, and its public service mission to protect investors and uphold the integrity of markets.

⁴³ See *supra* note 7.

⁴⁴ See GAO Report to Congressional Committees (July 2018), available at <https://www.gao.gov/assets/700/693217.pdf>.

⁴⁵ See FINRA Financial Reports and Policies, available at <https://www.finra.org/about/annual-reports>.

⁴⁶ See Securities Exchange Act Release No. 47106 (December 30, 2002), 68 FR 819, 821 (January 7,

As a result of the proposed proportional increase across the three key drivers of FINRA's regulatory costs, FINRA projects a dispersion level for the rate of increase realized by member firms to be 1.7% once the proposal is fully implemented. In other words, FINRA projects that the proposal imposes one of the narrowest distributions of fee rate changes across members among the alternatives considered, as measured by the standard deviation of the rate of fee increase across members. Given this limited distributional impact, FINRA believes the proposal will preserve the same equitable and not unfairly discriminatory fee allocation that has long served as the foundation for FINRA's funding model and has been approved by the Commission.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how best to meet FINRA's regulatory objectives.

Regulatory Need

Based on an analysis of its funding sources, anticipated costs, and an assessment of future market activity, FINRA has determined that it will require additional revenues in order to meet its regulatory obligations in the future. FINRA anticipates that the absence of stable funding at the levels proposed here may have material negative impacts on its regulatory program and weaken investor

protections. As it continues to rely on and deplete its reserves, FINRA may be unable to maintain its current capabilities at their current standards. In the absence of a fee increase, eventually FINRA will not be able to hire and retain staff with the appropriate expertise to conduct core regulatory activities (including market examination and surveillance, enforcement, regulation and rulemaking, examinations and credentialing, and providing transparency for markets, member firms and registered persons), or make the necessary investments over time in the technology needed to support these activities.

Economic Baseline

The baseline for this proposed rule includes FINRA's historical costs and revenues, the current schedule of fees assessed by FINRA, and the direct and indirect allocation of those fees across member firms, associated persons, third parties, and investors. The baseline also encompasses the scope of activities conducted by FINRA today to meet its mission, and FINRA's current ability to meet changing market activities and conditions through investment in staff, physical infrastructure and technology.

As discussed previously, as a not-for-profit organization, FINRA's operating principle is to target reasonable cost-based funding that allows it to appropriately fund its regulatory mission.⁴⁷ Between 2010 and 2019, FINRA's costs grew by a compound annualized growth rate (CAGR) of 1.7%, or 16% over the entire period.⁴⁸ Over the same period, reported costs increased by 42% for the industry,⁴⁹ while U.S. core inflation grew by 19%.⁵⁰

At the same time, FINRA has seen capital markets grow in size and complexity, and an increase in its own regulatory responsibilities. Substantial increases in trading volume in listed equities, options and OTC equities (over

75% increase since 2015) and complexity of the securities markets (the number of registered securities exchanges significantly increased since 2011, from 13 to 25) have led to a more complex trading environment. This, in turn, has required new approaches to enhance surveillance and investigations by FINRA staff. New SEC regulations (an estimated 15 significant new rules in the broker-dealer space since 2010 based on a FINRA analysis), FINRA rulemaking designed to support federal initiatives (e.g., crowdfunding, fixed income mark-up disclosure), and MSRB rules that require FINRA implementation have all increased FINRA's regulatory responsibilities substantially.

During this period, the SEC has increased reliance on FINRA as the "first line supervisor" for broker-dealers.⁵¹ In response, FINRA continued to invest in its surveillance and examination programs. The SEC also created an updated oversight framework with substantially more inspections and reviews of FINRA, which in turn has required FINRA to commit significant new resources to support those inspections and reviews.

Over the last decade, FINRA has observed changes in the number of registered persons and member firms. Between 2009 and 2018, the number of registered member firms decreased from 4,720 to 3,607 (a change of approximately 26.3%) while the number of registered representatives decreased from 633,280 to 629,847 (a change of 0.5%).⁵² Between 2009 and 2018, approximately 97% of the decrease in registered member firms came from small firms. Over the same period, the percentage of registered persons affiliated with small member firms dropped by a much smaller amount, from 12% to 10%. Despite the consolidation in the number of member firms, aggregate supervision costs fell minimally.

There are at least two drivers for this result. First, the exiting firms tended to require fewer supervisory resources because they were generally assessed as posing lower risks to investors and markets; higher-risk firms typically require more oversight. Relatedly, exiting firms generally conducted a smaller, simpler set of activities; larger, more complex firms typically require more oversight. And second, the number of registered persons remained fairly constant as persons from exiting

2003) (Order Approving File No. SR-NASD-2002-99) ("The Commission is satisfied that the NASD's proposed GIA is reasonably tailored to apportion fees based on the regulatory services the NASD provides"); Securities Exchange Act Release No. 67242 (June 22, 2012), 77 FR 38690, 38692 (June 28, 2012) (Order Approving File No. SR-FINRA-2012-023) (finding that "trading in equity markets drives a significant portion of [FINRA's] regulatory costs, and therefore it is equitable to recover some of those costs from fees generated from trading activity"); and Order Approving SR-FINRA-2009-057, *supra* note 13, 74 FR at 62618 ("[T]he number of registered representatives is a significant factor that impacts FINRA's oversight responsibilities and thus is an equitable criterion for assessing PA fees").

⁴⁷ In addition to the services FINRA provides in furtherance of its regulatory mission, FINRA also provides certain services on a contract basis to third parties. These contract service fees represent approximately 11% of FINRA's total revenues. Importantly, these revenues pay in full for the services rendered under the contracts, and FINRA's contract services are not funded with any of the regulatory revenue discussed in this filing.

⁴⁸ Based on figures drawn from FINRA's public Annual Financial Reports, which include FINRA subsidiaries. As noted above, *supra* note 11, FINRA Dispute Resolution was merged into FINRA Regulation at the end of 2015; if costs for the two remaining subsidiaries besides FINRA Regulation (the FINRA Investor Education Foundation and FINRA CAT, LLC) are excluded, FINRA's expense CAGR over the period would have been 1.5%.

⁴⁹ Based on FOCUS reporting.

⁵⁰ See CPI Inflation Calculator, Bureau of Labor Statistics, available at <https://data.bls.gov/cgi-bin/cpicalc.pl>.

⁵¹ See *supra* notes 6 and 7.

⁵² As FINRA notes when it publishes industry snapshots, FINRA regularly updates historical data series due to data revisions by reporting firms.

firms migrated to other firms, requiring FINRA regulatory resources to shift accordingly.

Despite the increased responsibilities and changes in its own oversight by the SEC, FINRA achieved the relatively low growth in its costs through a variety of mechanisms. Staffing generates the majority of FINRA's expenses and has been held relatively flat over the last decade. In that period, total compensation costs for FINRA employees engaged in carrying out its core business operations rose by 15% on a cumulative basis, compared to 24% for the average U.S. employee.⁵³ Further, FINRA has been successful in reducing non-compensation related expenses in recent years, with a 12% cumulative reduction across operating expenses (excluding technology) over the last 5 years, and a 25% decrease in non-recurring expenses.⁵⁴ FINRA's expenses have grown less rapidly than those of member firms. In addition, FINRA's proportional share of aggregate regulatory fees reported by member firms in total has fallen meaningfully.⁵⁵ Charts 2 and 3, attached in Exhibit 3, present these findings.⁵⁶

Over the same period between 2010 and 2019, FINRA's regulatory and use-based revenues remained effectively flat, influenced by few fee increases and a relatively steady number of registered persons. FINRA's total revenues grew at a compound annual growth rate of 1.1% per year, or 10% between 2010 and 2019.⁵⁷ Between 2010 and 2013, FINRA

increased regulatory fees by an aggregate amount of less than \$22 million.⁵⁸ The period between 2013 and 2020 represents one of the longest windows in which FINRA has not raised regulatory fees. As a comparison, as illustrated in Chart 4, member firm revenues grew at a compound annual growth rate of 4.8% per year, or 52% between 2010 and 2019.

As a not-for-profit regulator, FINRA has also maintained a policy of returning revenues in excess of its operating costs through rebates. Over the same review period that is the focus of this analysis, 2010 through 2019, FINRA rebated regulatory fees to member firms five consecutive years between 2010 and 2014. The aggregate amount rebated was approximately \$57 million.

Chart 5 provides a view of actual revenues and expenses between 2010 through 2019 and anticipated revenue and expenses for 2020–2024 if no changes to our fee structure are made.⁵⁹ Chart 5 also includes historical and projected “excess reserves,” meaning reserves above what the FINRA Board of Governors has determined to be an appropriate minimum level of at least one year of operating expenditures. As discussed above, FINRA has strategically relied on its reserves to help fund budget deficits in the past. From 2010 through 2019, FINRA used over \$600 million of its reserves to fund operating losses, which on average amounted to 6.6% of FINRA's operating budget per year. While FINRA will continue to strategically draw on its reserves to support the phased implementation of this proposal, Chart 5 illustrates the projection that, without taking corrective action, FINRA will deplete its excess reserves in the coming years.

FINRA anticipates that revenues will remain at current levels without any changes in the fee structure. At the same time, FINRA assumes that future expenses will continue to grow at a reasonable pace of approximately 4% per year based on annual wage inflation and future capital initiatives.⁶⁰ In this

scenario, revenues would increasingly fall behind anticipated costs. FINRA's reserves will continue to be used to cover the shortfall in the near-term, but the reserves will reach their minimum prudent level of one year of operating costs within three to four years based on current projections if no corrective action is taken.

FINRA notes that the anticipated retirement of its Order Audit Trail System (“OATS”), which is expected ultimately to be replaced by the Consolidated Audit Trail (“CAT”), does not result in an overall reduction in future expenses, but rather results in higher projected expenses for FINRA. Currently, FINRA incurs approximately \$9 million per year in costs associated with its OATS program, including the costs to maintain the OATS system, host OATS data, and regulate compliance with OATS reporting rules. While FINRA's costs related to CAT implementation remain uncertain in several respects, FINRA reasonably projects such costs will exceed its current yearly OATS costs, due in large part to its need to develop a CAT reporting compliance program and integrate CAT data into its regulatory systems.

Specifically, because CAT reporting requirements are new, different from, and more granular than OATS reporting requirements, FINRA has made and will continue to make significant investments in its enhanced regulatory program to oversee CAT reporting compliance, including the technology (e.g., surveillance patterns) and staff required to monitor for and enforce timely and accurate CAT data reporting. In contrast, OATS rules, infrastructure, and members' experience with compliance is mature, and only equities are reported to OATS, while equities and options are reported to CAT. These differences explain why FINRA's costs to regulate OATS reporting compliance are substantially less.

In addition to costs associated with its CAT reporting compliance program, FINRA must account for significant costs to integrate CAT data into its

subsidiaries other than FINRA Regulation—specifically, FINRA CAT, LLC and the FINRA Investor Education Foundation: (i) Wage inflation at an annual rate between 3% and 4%, consistent with the financial industry over the last five years; (ii) technology expense growth continues at recent levels due to: Capital investments seeking long-term efficiency gains for both FINRA and the industry, rising cloud hosting costs, maintaining technology labor competitiveness, and ongoing disaster recovery and cybersecurity requirements; and (iii) no material drop in regulatory efforts and associated costs for FINRA's regulatory programs. Taken together, these assumptions lead to an estimated growth rate consistent with the prior decade of expense growth realized by the industry.

⁵³ Average U.S. employee wage growth represents non-farm employee wage growth supplied by the Economic Policy Institute. FINRA employee compensation costs includes all FINRA staff exclusive of Technology staff.

⁵⁴ Technology costs are considered separately because they are often driven by special projects or capital expenditures, including initiatives designed to help control staffing costs in FINRA's core regulatory programs. FINRA notes that technology costs have risen at a greater rate over the period. Non-recurring expenses include capital initiatives and extraordinary initiatives. Technology costs, however, have risen by 22% cumulatively over the period—which is largely due to cloud hosting costs following FINRA's migration to the cloud, an increase in Technology maintenance support costs for newly developed applications and platforms, and expansion of FINRA's cybersecurity program. Cloud hosting costs are largely offset through the avoidance of large, periodic capital expenditures that would have been necessary without the migration.

⁵⁵ The number and amount of regulatory fees paid by FINRA member firms to other regulators depend upon other registrations and financial services provided.

⁵⁶ As with Chart 1, all of the charts discussed below are attached in Exhibit 3.

⁵⁷ Based on figures drawn from FINRA's public Annual Financial Reports, which include FINRA subsidiaries. As noted above, *supra* note 11, FINRA Dispute Resolution was merged into FINRA Regulation at the end of 2015; if revenues for the two remaining subsidiaries besides FINRA

Regulation (the FINRA Investor Education Foundation and FINRA CAT, LLC) are excluded, FINRA's revenue CAGR over the period would have been 0.8%.

⁵⁸ Based on estimates made at the time the fee change occurred, and actual results incurred in that year or subsequent years may vary.

⁵⁹ The revenues and expenses presented in Chart 5—both historic and projected—do not include subsidiaries other than FINRA Regulation and FINRA Dispute Resolution, which was merged into FINRA Regulation at the end of 2015.

⁶⁰ This estimate is based on the following assumptions for FINRA and excludes the independent budgeting of all of FINRA's active

regulatory systems. These include one-time costs to migrate regulatory systems into an environment that can interact with CAT data, with the potential for greater migration costs as a result of any future regulatory changes, such as under the Commission's recently proposed amendments to the CAT NMS Plan.⁶¹ FINRA also is making significant investments in enhanced surveillance technology to account for and use CAT data in FINRA's oversight of various market integrity rules, as CAT includes expanded audit trail data for options and equities. Importantly, these costs are separate from and in addition to FINRA's obligation to contribute funding for the development, maintenance, and operation of the CAT system incurred by the CAT Plan Processor.⁶²

As a result, while FINRA projects that OATS costs will be reduced and ultimately eliminated over the next several years, those cost reductions will be more than offset by FINRA's costs associated with ongoing efforts to implement and maintain a CAT reporting compliance program and integrate CAT data. In addition,

although FINRA must incur costs to support both programs over the next several years until OATS retirement, FINRA believes it can manage these program budgets consistent with its assumption of approximately 4% overall future expense growth per year over the period.⁶³

As described above, FINRA funds its regulatory and other related activities through a combination of regulatory and use-based fees. In aggregate, regulatory fees represent approximately 63% of these revenues and use-based fees represent approximately 37% of revenues. The specific fees that would be increased under this proposal represented 75% of these revenues in 2019.

All regulatory and use-based fees identified here are assessed directly to member firms, but FINRA understands that many firms shift at least some of the fees to others. For instance, it is regular practice among some clearing and trading firms to "pass through" the TAF to the underlying firm executing the trade. Further, FINRA understands that the executing firms commonly pass the TAF directly on to their customers. Typically, TAF fees are reflected on the confirmation statement received by customers. FINRA researched a sample of member firms, collectively representing 25% of total TAF revenues, and found confirmation disclosures for roughly two thirds of the sample reviewed that suggested that TAF is being passed through at either the clearing or executing firm level.

Similarly, FINRA understands that many firms regularly pass through to registered persons assessments such as the PA, registration fees, and examination fees. Registered persons also may seek to pass through these same fees to their customers indirectly as a part of their charges. FINRA understands that there may be differences in this practice across firms depending on each firms' business model. Competitive markets for the provision of brokerage and related financial intermediation services can limit the extent to which these fees can be passed through.

Regulatory fees are calibrated so that larger, more active and more dispersed member firms have higher fees, reflecting regulatory resource allocation. Use-based fees are designed to capture some of the costs associated with these core regulatory activities in addition to the direct and indirect costs of the

service. For example, FINRA believes it is appropriate that registration and examination fees help defray the costs of regulating registered persons because member firms employing more persons require additional regulatory effort on FINRA's part. This approach is consistent with a structure where the fees paid are increasing with the size of the firm's revenues (GIA) and the amount of trading activity it conducts (TAF). In this manner, regulatory and use-based fees are designed in a cohesive way such that they should be evaluated in aggregate and not on a fee-by-fee or service-by-service basis.

The fee structure is also designed, purposefully, to account for diversity in firm size. Compliance and regulatory oversight naturally represent a larger relative cost to small firms. Because FINRA wants to prevent regulatory costs from creating a barrier to entry for smaller well-run, compliant firms, there is a level of cross-subsidization by larger firms of regulatory costs embedded in the fee structure currently in place.

This practice is appropriate for at least two significant reasons. First, it is important that retail investors have access to financial services provided in a way that serves them best. Some investors may prefer to engage registered persons associated with smaller firms. Second, larger firms obtain more benefits from well-regulated markets, relative to firm size. Under well-regulated markets, investors are more willing to trust financial intermediaries because they are confident that they are treated fairly in their access to securities markets and products. Greater participation in the financial markets by investors allow firms to grow larger and become more diversified, leading to cost savings and reduced risk through economies of scale and scope. The concentration in both retail and institutional investor activity at larger firms suggests that larger firms reap substantial benefits from strong regulation and should therefore contribute a substantial portion of the fee revenue to support this regulation. At the same time, the impact of misconduct at large firms impairs investor confidence more broadly than similar misconduct at smaller firms.

Chart 6 describes the estimated distribution of revenues from the fees covered in this proposal and the associated allocation of regulatory efforts by FINRA by the size of the firm, as defined in the FINRA By-Laws. Small member firms (firms with 150 or fewer registered reps) account for 90% of the firms in the industry, 10% of total registered persons, 50% of FINRA's total firm exam time, and 19% of FINRA's

⁶¹ See Securities Exchange Act Release No. 89632 (August 21, 2020) (Proposed Amendments to the National Market System Plan Governing the Consolidated Audit Trail to Enhance Data Security).

⁶² Upon selection by the CAT NMS Plan Participants, FINRA created FINRA CAT, LLC as a distinct corporate subsidiary to serve as the CAT Plan Processor. In its capacity as the CAT Plan Processor, FINRA CAT, LLC is responsible for the development and operation of the CAT in accordance with the terms of the CAT NMS Plan, pursuant to an agreement between the CAT NMS Plan Participants and FINRA CAT, LLC. FINRA CAT, LLC is organized as a not-for-profit that operates on a cost basis and is not a source of revenue for FINRA. Pursuant to intercompany agreements, FINRA provides certain staff and resources to FINRA CAT, LLC so that FINRA CAT, LLC can carry out its obligations as the CAT Plan Processor. See Securities Exchange Act Release No. 85764 (May 2, 2019), 84 FR 20173 (May 8, 2019) (Notice of Filing and Immediate Effectiveness of SR-FINRA-2019-015). FINRA provides these staff and resources to FINRA CAT, LLC at cost, with FINRA CAT, LLC's portion of the cost of shared resources tracked and allocated completely back to FINRA CAT, LLC. As noted in FINRA's 2020 Annual Budget Summary and above, *supra* note 60, the FINRA CAT, LLC is accounted for separately from FINRA and the costs and revenues of FINRA CAT, LLC are not included in FINRA's budget.

Separately, FINRA and the other CAT NMS Plan Participants are collectively funding the costs to create, implement, and maintain the CAT in accordance with the CAT NMS Plan, and FINRA has relied on its balance sheet to pay its share of those costs to date. However, because the allocation of such CAT NMS Plan costs is the subject of ongoing discussion, FINRA has not included those CAT NMS Plan support costs in its budget projections. As a result, if the CAT NMS Plan Participants file a separate proposal to recover some portion of CAT NMS Plan costs through a direct CAT fee assessment on industry members, the effectiveness of such a filing would not reduce the amount that FINRA projects it needs to raise with this proposal to correct its structural deficit.

⁶³ To the extent any other FINRA systems are subject to retirement, FINRA will separately consider the projected budget impact of retirement for those systems.

revenues. Large firms, conversely, represent less than 5% of firms, over 80% of registered persons, 37% of FINRA's firm exam effort and approximately two thirds of regulatory revenues. The remaining portions of firm exam time and revenues are attributable to medium firms.

Chart 7 describes the estimated distribution of revenues from the fees covered in this proposal and the associated allocation of regulatory efforts by FINRA by the firm's business model. Here, business model captures the primary type of services provided the firm. The categories of capital markets and retail member firms account for 80% of the firms in the industry, 72% of total registered persons, 64% of FINRA's total examination time, and 36% of FINRA's regulatory revenues. The category of diversified firms, including most of the largest firms, accounts for approximately 5% of firms in the industry, almost 24% of total registered persons, over 27% of FINRA's total examination time, and 45% of FINRA's revenues.

Economic Impact

FINRA's fee proposal is intended to ensure that FINRA can continue to meet its mission of investor protection and facilitating well-functioning markets. This proposal preserves FINRA's ability to be a robust and effective regulator, protecting investors from manipulation, exploitation and other harm. Adequate funding allows FINRA to develop regulatory approaches that are more effective and efficient, and to revise its regulations through, among other ways, its robust retrospective reviews. Through appropriate funding, FINRA can continue to invest in technology, data, and analytics in support of its mission. FINRA will be better situated to adapt to changing markets, market behaviors, and any new responsibilities it may accrue. A stable and reliable funding program also permits member firms to better anticipate and plan for FINRA's fees. These benefits accrue to current and prospective investors, firms, issuers, and others participating in financial intermediation.

FINRA notes that academic literature has provided evidence of the linkage between strong regulation in securities markets and improved outcomes, including more trading, lower transaction costs, and greater investor participation in the markets.⁶⁴

Bruggeman, et al. [2018] study the impact of differences in State regulation on OTC stocks. They find that firms issuing in the OTC market subject to stricter regulation are more liquid and are subject to lower "crash risk." Silvers [2016] studies the impact of SEC enforcement action against foreign cross-listed issuers. He shows evidence that other cross-listed issuers (not cited by the SEC) experienced positive returns, suggesting that increased regulatory attention increases valuation. Finally, Christensen et al. [2019] study the impact of the introduction of the European Union's Market Abuse Directive and MiFID. The study concluded that these initiatives designed to enhance investor protections have led to higher household ownership of equities.

The proposal would implement fee changes that would be assessed directly to member firms. The fee increases are designed to maintain the current distribution of fees allocated across member firms. FINRA based the proposed fee distribution across member firms on the assumption that the activities of the firms remained constant. Under this assumption, approximately 74% of the fee increase would be borne by large firms, 13% by medium firms, 12% by small firms (excluding firms of 10 or fewer registered persons), and the remaining 1% by micro firms (firms of 10 or fewer registered persons).

Chart 8 shows the aggregate anticipated increase in fees for the average firm across the period 2020–2024 and the breakdown across the fee categories covered by the proposed rule. Charts 9 through 11 describe the year-over-year fee increase for 2022, 2023 and 2024 respectively by fee type and firm size category (note that there is no proposed fee increase in 2020 or 2021). These charts demonstrate that the increase in fees remains consistently allocated across similarly sized firms in each calendar year, with the bulk of the fee increase occurring in the later years of the proposal. Taken together, these charts demonstrate that the fee increases in the GIA, TAF, PA, registration, and qualification examination fees are designed to allocate the growth in fees in an equitable manner both overall and within each calendar year of their phase-in, all else held equal, by

maintaining a consistent fee growth impact across firm group sizes.

Similarly, Chart 12 shows the total fee increase and breakdown across fee category by member firm business model, holding constant the activities of the firm for the aggregate increase over the period 2020–2024. Approximately 76% of the fee increase is anticipated to be borne by diversified and retail firms, with the remaining 24% distributed relatively evenly across trading, capital markets and clearing firms. As with our analysis of the proposed fee increases by firm size, Charts 13 through 15 show the annual fee increases by fee category and business model for the years 2022, 2023 and 2024 respectively. Here, as well, the charts demonstrate that the anticipated fee increases by category are designed such that the increase in fees remains similar among firms with similar business models year-by-year, all else held equal.

While material, the FINRA fees subject to this proposal represent a very small dollar amount relative to industry activity. Holding industry revenues at 2019 levels, FINRA's regulatory, registration, and qualification examination fees in that year represented approximately 0.16% (16 basis points) of industry revenues as reported in FOCUS reports. When the proposed fee changes are fully adopted, FINRA estimates that these fees would represent approximately 0.22% (22 basis points) of 2019 industry revenues, assuming no FOCUS revenue growth for member firms over that time period. Further, the amount of the fee increase borne by member firms depends on the extent to which they can and do shift the burden to their associated persons and customers.

To better understand the impact of the proposed fee increases across member firms within each firm size category, FINRA analyzed the expected distribution of fee increases for all existing firms under the proposed fee structure, based on the expected rate of dispersion. Dispersion is a way to compare the anticipated growth rate in fees across a range of firms. Lower dispersion is associated with a higher degree of consistency in terms of the impact of the proposed fee increases, and can be interpreted as more firms in a given group experiencing similar rates of growth. By seeking to limit dispersion, the proposal is effectively limiting the potential for inequitable treatment across member firms. This approach reduces the potential for the proposed fee increase to create unintended impacts on the provision of financial services by member firms and the business models adopted by them.

⁶⁴ See, e.g., U. Bruggeman, A. Kaul, C. Leuz, C. and I. Werner, *The Twilight Zone: OTC Regulatory Regimes and Market Quality*, *The Review of Financial Studies*, 31, no. 3 (2018), 898–942; Roger

Silvers, *The Valuation Impact of SEC Enforcement Actions on Nontarget Foreign Firms*, *Journal of Accounting Research*, 54, no. 1 (2016), 187–234; and H. Christensen, M. Maffet, and L. Vollon, *Securities Regulation, Household Equity Ownership, and Trust in the Stock Market*, *Review of Accounting Studies*, 24, no. 3 (2019), 824–859.

FINRA's analysis examines the level of dispersion based on the CAGR of the expected fee increase. CAGR is measured in this analysis relative to the fee categories impacted by this proposal. CAGR provides a standard metric to compare the relative impact of the fee increases within and across subgroups. Because the number of registered persons, trading activity and resulting aggregate fee dollar amounts vary significantly across firms and firm sizes, benchmarking to CAGR permits FINRA to identify a fee schedule that most closely compares the magnitude of the distribution across firms.

Charts 16 through 19 provide a view on the distribution of fee increases within each member firm size group. These charts also report the median increase in regulatory fees, along with registration and qualification examination fees, that are the subject of this proposal over the full period 2020 through 2024 by firm size. Within the charts, each of the four central bars represents one standard deviation from the median, so that the two most central dark blue bars together would theoretically represent approximately 67% of all firms evaluated (plus or minus one standard deviation) and approximately 95% of firms evaluated should be represented under the four most central dark blue and mid-blue bars (plus or minus two standard deviations) presented in the charts.

While it is not feasible to eliminate the possibility that member firms will experience a rate of fee growth that is outside of the two standard deviation range, FINRA sought to limit the number of firms falling into this category when structuring this fee increase. These charts demonstrate that the proposal significantly limits the number of firms that fall beyond two standard deviations from the median increase. In particular, the proposal limits those firms that would be expected to experience a materially higher fee increase than the median (as defined by two standard deviations). For the entire population of member firms, FINRA estimates that no firm would experience a fee increase greater than two standard deviations from the median increase. In other words, no firm would be expected to bear an unduly high fee increase relative to the entire population of all firms (as defined by greater than two standard deviations).⁶⁵

Based on this analysis, FINRA concludes the following:

- For micro firms, the median firm would anticipate an annual increase in fees of 3.9%, translating to a dollar increase of \$642. Approximately two-thirds of these firms would experience an annual increase between 2.4% and 5.5% between 2020 and 2024. Holding revenues constant at 2019 levels, regulatory fees would increase from 0.21% to 0.27% of FOCUS reported revenues on average. This group includes 1,671 firms and represents 47.7% of all FINRA members.
- For other small firms, the median firm would anticipate an annual increase in fees of 6.2%, translating to a dollar increase of \$6,200. More than 80% of these firms would experience an annual increase in fees between 5.3% and 7.1% between 2020 and 2024. Holding revenues constant at 2019 levels, regulatory fees would increase from 0.22% to 0.30% of FOCUS reported revenues on average. This group includes 1,470 firms and represents 42.0% of all FINRA members.
- For medium firms, the median firm would anticipate a 6.6% annual increase in fees, translating to a dollar increase of \$73,000. More than 80% of these firms would experience an annual increase between 5.6% and 7.6% between 2020 and 2024. Holding revenues constant at 2019 levels, regulatory fees would increase from 0.18% to 0.25% of FOCUS reported revenues on average. This group includes 193 firms and represents 5.5% of all FINRA members.
- For large firms, the median firm would anticipate a 6.4% annual increase in fees, translating to a dollar increase of \$293,000. Approximately 90% of these firms would experience an annual increase between 5.5% and 7.4% between 2020 and 2024. Holding revenues constant at 2019 levels, regulatory fees would increase from 0.15% to 0.20% of FOCUS reported revenues on average. This group includes 167 firms and represents 4.8% of all FINRA members.

To better understand the anticipated year-over-year impacts associated with the proposal, Charts 20 through 22 describe the dispersion in the annual growth rate for each year in which fees will be raised, segregated by firm size category. These charts demonstrate that dispersion remains fairly constant across calendar years covered by the

with the widest rate of dispersion given more significant variability in micro firm business models. The highest expected CAGR resulting from the fee increase for these firms would be 8.4%.

proposal. Although there is some variation across the firm size groupings, a simple average of the four groupings leads to an estimate that: 78% of member firms would be expected to experience a fee increase within one standard deviation from the median increase in 2022, 76% of member firms would be expected to experience a fee increase within one standard deviation of the median fee increase in 2023, and 73% of member firms would be expected to experience a fee increase within one standard deviation of the median fee increase in 2024. FINRA believes that these charts demonstrate a high rate of consistency around the median expected fee increase and illustrate how the proposal will preserve the existing equitable and fair distribution of fees across FINRA's member firms.

FINRA notes that Charts 16 through 22 illustrate a wider relative range of dispersion amongst micro firms. Chart 16 also denotes a lower expected median fee increase for micro firms relative to other, larger firm types. This is due to the minimum GIA fee being held constant, rather than increasing along with the general GIA tiered fee schedule. Because more than half of micro firms were only subject to the minimum GIA fee in 2019, the median fee increase for micro firms will be lower relative to other firm sizes, and the range of outcomes within this grouping contains greater variance as select micro firms will be subject to the increase in GIA while others will not. FINRA believes that the resulting fee structure remains fair and equitable; moreover, maintaining the minimum GIA at current levels fosters investor choice and limits the impact of fees on the dimension of competition, as discussed above.

As part of its analysis, FINRA also considered the broad potential impacts on competition under this proposal. The analysis considers the impact across all FINRA member firms, across FINRA member firms based on size or business model, and between FINRA member firms and other financial service providers.

FINRA does not anticipate that the proposal will materially impact competition among member firms. The proposal is designed to maintain the current funding model and the relative allocation of fees across its core regulatory and use-based categories. In other words, each of the affected fees would increase in a commensurate manner relative to the fees charged under the existing framework; no individual fee would be raised such that it may create unintended hardships for

⁶⁵ Only 13 firms would be anticipated to experience an increase of more than two standard deviations relative to their peer group by size. The bulk of these firms have ten or fewer registered persons and are compared to other firms within the micro firm size category, which is the size grouping

some firms and benefit others. Implementation of the proposal would not require significant system or process changes by firms.

Similarly, FINRA does not anticipate that the proposal will materially impact competition across member firms of different sizes or business models. The analysis of distributions within firm size does indicate that firms may anticipate some differences in fee increases based on the services they provide and the way they provide those services. But, as designed, the proposal maintains the relative allocation of fees across firm size and business model, meaning the proposal is designed to preserve a consistent rate of growth in fee increases across firm size and business model. As noted above, this approach is intended to limit the unintended impact that any specific fee change may create hardships for some firms and benefit others. Further, the approach maintains the current approach for cross-subsidization of regulatory fees between member firms of different size and between regulatory and use-based fees.

FINRA can identify two potential impacts of this proposal on the competition between its member firms and other providers of financial services. Although FINRA anticipates that these increases are calibrated to limit their impact on individual member firms, at the margin some member firms may find these increases material to their business. Further, where firms may have the ability to provide similar services, or a subset of services, without registration with FINRA, increased costs may increase the likelihood that these firms drop their FINRA registration in favor of the alternative business model. Based on the information available to it today, FINRA does not have an accurate measure of the number of member firms that may choose to deregister as a result of this proposal.⁶⁶

The proposal may have an additional impact on competition in this dimension. As discussed above, strong and effective supervision and regulation of securities markets has been shown to increase investor confidence in the fairness of the market. This has been measured by an increase in household participation in the securities markets, more available liquidity, and higher securities valuations. Given the presence of close substitutes to broker-dealers for retail clients—e.g., investment advisory services, issuers

selling directly to the public, or certain market-linked insurance products—it may be reasonable to expect that effective supervision by FINRA may create a positive externality to those competitors. That is, increased confidence by retail investors due to FINRA's activities may increase business opportunities, lower transactional costs, or otherwise benefit non-FINRA member competitors, including instances where investors do not recognize these competitors are not supervised by FINRA.

Alternatives Considered

In developing this proposal, FINRA considered several options. First, FINRA considered making the fee changes effective immediately and not deferring the initial implementation to 2022. FINRA rejected this alternative because it believed it would be important to provide member firms adequate time to plan for the proposed fee increase while implementing other significant regulatory changes, including Regulation BI. Further, FINRA is cognizant that there is significant uncertainty in markets and the general economy during the global pandemic related to the coronavirus disease (COVID-19). Thus, increasing fees at this time may impose a greater burden.

Similarly, FINRA considered waiting to submit this proposed rule change until closer to when the proposed fee increases are scheduled to take effect in 2022, or pursuing separate filings for each year of the proposed fee increases between 2022 and 2024. Based on feedback from members of FINRA's advisory committees and other industry consultations that additional time and clarity would permit member firms to better plan for the proposed package of fee increases over multiple budget cycles, FINRA determined to move forward now with its current projections. As noted above, FINRA will continue to evaluate its financial condition during this period and make its financial information transparent to the public through its regular published reports. If FINRA's structural financial deficit is materially reduced during this period, or if key assumptions change, FINRA would submit a new filing to further defer the proposed fee increases or consider other modifications as appropriate.

FINRA also considered delaying the implementation of the fee increase beyond 2022. As noted above, FINRA is cognizant of the current uncertainty in markets. But the same market conditions that may create challenges for member firms also impact FINRA. Market volatility has negatively affected

FINRA's reserves portfolio, similar to many investors. This limits FINRA's flexibility in relying on its reserves to cover funding gaps and indicates the need for stable funding as soon as practicable. Further, FINRA notes that investor protections are of vital importance, particularly in times of market turmoil where FINRA has seen an increase in customer complaints, regulatory actions against fraud, and increased resources for surveillance.⁶⁷ Impairing FINRA's ability to meet its mandate at this time may have material negative implications for investors and the financial markets. Taking these concerns into account, FINRA believes that the most prudent course of action is to delay implementation until 2022, but no further.

Finally, FINRA considered altering the mix of fees as part of this proposal. Some examples of approaches considered included placing greater weight on fees associated with registered persons, placing greater weight on trading-related fees, and reducing the level of cross-subsidization between large and small member firms. In each of these scenarios, the total amount raised in the proposal would have remained constant, but how the increases would be distributed across member firms would differ. Each scenario had associated with it a shift in the burdens based on firm size or business model. FINRA believes that these alternatives did not yield a more equitable fee mix. As a result, FINRA rejected these alternative formulations because the proposed approach maintains the current equitable structure, provides member firms with greater consistency and predictability in expected fees and the potential for complex impacts on competition inherent in the alternatives. FINRA believes that an overall proportional fee increase that maintains the current distribution of fees imposes the least aggregate impact on market participants and on the competition between them.

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 rule change has become effective pursuant to Section 19(b)(3)(A)

⁶⁶ FINRA notes that because of the time lapse between proposal, adoption and implementation of fee increases, combined with changing business environments over time, it is difficult to reliably estimate the number of firms that might have exited historically because of previous fee increases.

⁶⁷ In the first quarter of 2020, FINRA saw an increase in alerts generated through its market surveillance of over 250% compared to the same quarter in 2019.

of the Act⁶⁸ and paragraph (f)(2) of Rule 19b-4 thereunder.⁶⁹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-FINRA-2020-032 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-FINRA-2020-032. 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 FINRA. 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-FINRA-2020-032 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷⁰

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020-23141 Filed 10-19-20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90183; File No. SR-EMERALD-2020-09]

Self-Regulatory Organizations; MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Adopt Application Programming Interface ("API") Testing and Certification Fees and Network Connectivity Testing and Certification Fees

October 14, 2020.

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 October 1, 2020, MIAX Emerald, LLC ("MIAX Emerald" or "Exchange"), filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Emerald Fee Schedule (the "Fee Schedule") to establish Application Programming Interface ("API") Testing and Certification fees and Network Connectivity Testing and Certification fees.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/emerald>, at MIAX'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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to establish API Testing and Certification fees for Members³ and non-Members and Network Connectivity Testing and Certification fees for Members and non-Members. MIAX Emerald commenced operations as a national securities exchange registered under Section 6 of the Act⁴ on March 1, 2019.⁵ The Exchange adopted its transaction fees and certain of its non-transaction fees in its filing SR-EMERALD-2019-15.⁶ In that filing, the Exchange expressly waived, among other fees, API Testing and Certification fees and Network Connectivity Testing and Certification fees, both for Members and non-Members, in order to provide an incentive to prospective Members and non-Members to connect to MIAX Emerald as soon as possible. At that time, the Exchange waived API Testing and Certification fees and Network Connectivity Testing and Certification fees for the Waiver Period⁷ and stated

³ "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100 and the Definitions section of the Fee Schedule.

⁴ 15 U.S.C. 78f.

⁵ See Securities Exchange Act Release No. 84891 (December 20, 2018), 83 FR 67421 (December 28, 2018) (File No. 10-233) (order approving application of MIAX Emerald, LLC for registration as a national securities exchange).

⁶ See Securities Exchange Act Release No. 85393 (March 21, 2019), 84 FR 11599 (March 27, 2019) (SR-EMERALD-2019-15) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the MIAX Emerald Fee Schedule).

⁷ "Waiver Period" means, for each applicable fee, the period of time from the initial effective date of the MIAX Emerald Fee Schedule until such time

Continued

⁶⁸ 15 U.S.C. 78s(b)(3)(A).

⁶⁹ 17 CFR 240.19b-4(f)(2).

⁷⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

that it would provide notice to market participants when the Exchange intended to terminate the Waiver Period.

On September 15, 2020, the Exchange issued a Regulatory Circular which announced that the Exchange would terminate the Waiver Period for, among other fees, API Testing and Certification fees and Network Connectivity Testing and Certification fees for Members and non-Members, beginning October 1, 2020.⁸

API Testing and Certification Fees for Members

The Exchange proposes to adopt an API Testing and Certification fee for Members. An API makes it possible for Member software to communicate with MIAx Emerald software applications, and is subject to Member testing with, and certification by, MIAx Emerald. API testing and certification includes, for Electronic Exchange Members⁹ (“EEMs”), testing all available order types, new order entry, order management, order throughput and mass order cancellation. For Market Makers,¹⁰ API testing and certification also includes testing of all available quote types, quote throughput, quote management and cancellation, Aggregate Risk Manager settings and triggers, and confirmation of quotes within the trading engines.

The API Testing and Certification fees for Members are based upon the type of interface that the Member has been credentialed to use. The Exchange proposes to adopt an API testing and certification fee for EEMs (other than Clearing Firms): (i) Initially per API for Financial Information Exchange (“FIX”)¹¹ ports, FIX Drop Copy

(“FXD”)¹² ports and Clearing Trade Drop (“CTD”)¹³ ports in the month the EEM has been credentialed to use one or more ports in the production environment for the tested API, and (ii) each time an EEM initiates a change to its system that requires testing and certification. The Exchange proposes to adopt an API testing and certification fee for EEM Clearing Firms (i) initially per API in the month the EEM Clearing Firm has been credentialed to use one or more CTD Ports in the production environment, and (ii) each time an EEM Clearing Firm initiates a change to its system that requires testing and certification.

The Exchange proposes to adopt an API testing and certification fee for Market Makers: (i) Initially per API for CTD and MIAx Emerald Express Interface (“MEI”)¹⁴ ports in the month the Market Maker has been credentialed to use one or more ports in the production environment for the tested API and the Market Maker has been assigned to quote in one or more classes, and (ii) each time a Market Maker initiates a change to its system that requires testing and certification. The Exchange also proposes that API Testing

¹² The FIX Drop Copy (“FXD”) Port is a messaging interface that will provide a copy of real-time trade execution, trade correction and trade cancellation information to FXD Port users who subscribe to the service. FXD Port users are those users who are designated by an EEM to receive the information and the information is restricted for use by the EEM. FXD Port Fees will be assessed in any month the Member is credentialed to use the FXD Port in the production environment. *See Fee Schedule, Section 4(d)(iv).*

¹³ “CTD Port” or “Clearing Trade Drop Port” provides an Exchange Member with a real-time clearing trade updates. The updates include the Member’s clearing trade messages on a low latency, real-time basis. The trade messages are routed to a Member’s connection containing certain information. The information includes, among other things, the following: (i) Trade date and time; (ii) symbol information; (iii) trade price/size information; (iv) Member type (for example, and without limitation, Market Maker, Electronic Exchange Member, Broker-Dealer); and (v) Exchange MPID for each side of the transaction, including Clearing Member MPID. *See the Definitions section of the Fee Schedule.*

¹⁴ The MEI is a connection to the MIAx Emerald System that enables Market Makers to submit simple and complex electronic quotes to MIAx Emerald. The Exchange offers Full Service MEI Ports, which provide Market Makers with the ability to send Market Maker simple and complex quotes, eQuotes, and quote purge messages to the MIAx Emerald System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per Matching Engine. The Exchange also offers Limited Service MEI Ports, which provide Market Makers with the ability to send simple and complex eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAx Emerald System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per Matching Engine. *See the Definitions section of the Fee Schedule.*

and Certification fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange’s System¹⁵ that requires testing and certification. The Exchange proposes to assess Member API Testing and Certification fees of \$1,000 for EEMs and \$2,500 for Market Makers. Below is the proposed fee table for API Testing and Certification fees for Members:

Type of member	API testing and certification fee
Electronic Exchange Member	\$1,000.00
Market Maker	2,500.00

API Testing and Certification Fee for Non-Members

The Exchange proposes to adopt an API Testing and Certification fee for Third Party Vendors,¹⁶ Service Bureaus¹⁷ and other non-Members (such as clearing firms): (i) Initially per API for FIX, FXD, CTD and MEI ports in the month the Third Party Vendor, Service Bureau or non-Member has been credentialed to use one or more ports in the production environment for the tested API, and (ii) each time a Third Party Vendor, Service Bureau, or other non-Member initiates a change to its system that requires testing and certification. The Exchange also proposes that API Testing and Certification fees will not be assessed to non-Members in situations where the Exchange initiates a mandatory change to the Exchange’s System that requires testing and certification.

The Exchange proposes to assess non-Member API Testing and Certification fees of \$1,200 for Third Party Vendors, Service Bureaus and other non-Members. Below is the proposed fee table for API Testing and Certification fees for non-Members:

Non-member	API testing and certification fee
Third Party Vendors and Service Bureaus and other non-Members	\$1,200.00

¹⁵ The term “System” means the automated trading system used by the Exchange for the trading of securities. *See Exchange Rule 100.*

¹⁶ Third Party Vendors are subscribers of MIAx Emerald’s market and other data feeds, which they in turn use for redistribution purposes. Third Party Vendors do not provide connectivity and therefore are not subject to Network testing and certification. *See the Definitions section of the Fee Schedule.*

¹⁷ “Service Bureau” means a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system. *See the Definitions section of the Fee Schedule.*

that the Exchange has an effective fee filing establishing the applicable fee. The Exchange will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and effective date of any such applicable fee. *See the Definitions Section of the Fee Schedule.*

⁸ *See* MIAx Emerald Regulatory Circular 2020–41 available at https://www.miaxoptions.com/sites/default/files/circular-files/MIAx_Emerald_RC_2020_41.pdf.

⁹ “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act. *See the Definitions section of the Fee Schedule.*

¹⁰ The term “Market Maker” (“LMM”), “Primary Lead Market Maker” (“PLMM”) and “Registered Market Maker” (“RMM”), collectively. *See Exchange Rule 100. See also the Definitions section of the Fee Schedule.*

¹¹ “FIX Port” means an interface with MIAx Emerald systems that enables the Port user to submit simple and complex orders electronically to MIAx Emerald. *See the Definitions section of the Fee Schedule.*

The higher proposed fee charged to Third Party Vendors, Service Bureaus and non-Members reflects the greater amount of time spent by MIAX Emerald employees testing and certifying non-Members. It has been MIAX Emerald's experience that Member testing takes less time than non-Member testing because Members have more experience testing these systems with exchanges, resulting in generally fewer questions and issues arising during the testing and certification process. Also, because Third Party Vendors and Service Bureaus are redistributing data and reselling services to other Members and market participants, the number and types of scenarios that need to be tested are more numerous and complex than those tested and certified for a single Member.

The Exchange believes it is necessary to charge an API Testing and Certification fee to Members and non-Members because of the time and resources spent to ensure that Member and non-Member APIs function

correctly to prevent any System malfunction. Further, the Exchange believes the price differential in API Testing and Certification fees for Members and non-Members is not unfairly discriminatory because, in the Exchange's experience, Member testing takes less time than non-Member testing as Members have more experience testing these systems with exchanges, resulting generally in fewer questions and issues arising during the testing and certification process.

Network Connectivity Testing and Certification Fee for Members

The Exchange established electronic communication connections with Members and now proposes to assess Members a Network Connectivity Testing and Certification fee for each 1 Gigabit ("Gb") connection and 10 Gb ultra-low-latency ("ULL") connection. The Exchange proposes to assess a Member Network Connectivity Testing and Certification fee: (i) Initially per connection in the month the Individual

Firm has been credentialed to use any API or Market Data feeds in the production environment utilizing the tested network connection, and (ii) each time an Individual Firm initiates a change to its system that requires network connectivity testing and certification. Network Connectivity Testing and Certification fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange's system that requires testing and certification. Member Network Connectivity Testing and Certification fees will not be assessed for testing and certification of connectivity to the Exchange's Disaster Recovery Facility.

The Exchange proposes to assess Members a Network Connectivity Testing and Certification Fee of \$1,000 per 1Gb connection and \$4,000 per 10Gb ULL connection. Below is the proposed fee table for Member Network Connectivity Testing and Certification fees:

Type of member	1 Gigabit fee per connection	10 Gigabit ULL fee per connection
Individual Firm	\$1,000.00	\$4,000.00

The proposed fee amounts are identical to the fees currently assessed for the same services at the Exchange's affiliates, Miami International Securities Exchange, LLC ("MIAX") and MIAX PEARL, LLC ("MIAX PEARL"). The Exchange notes that the Emerald Express Network Interconnect ("EENI")¹⁸ is a network infrastructure which provides Members and non-Members network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange. When utilizing a Shared¹⁹ cross-connect, the EENI can also be configured to offer network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange's affiliates, MIAX and MIAX PEARL.

Members utilizing a single, Shared cross-connect to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities

of the Exchange, MIAX and MIAX PEARL will only be assessed one Network Connectivity Testing and Certification fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

Network Connectivity Testing and Certification Fee for Non-Members

MIAX Emerald established electronic connections with Service Bureaus, Extranet Providers and other non-Members, and now proposes to assess a Network Connectivity Testing and Certification fee for each 1Gb connection and 10Gb ULL connection. The Exchange proposes to assess a non-Member Network Connectivity Testing and Certification fee: (i) Initially per connection in the month the Service Bureau, Extranet Provider or other non-Member has been credentialed to use any API or Market Data feeds in the

production environment using the tested network connection, and (ii) each time Service Bureau, Extranet Provider or other non-Member initiates a change to its system that requires network connectivity testing and certification. Network Connectivity Testing and Certification fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange's system that requires testing and certification. Non-Member Network Connectivity Testing and Certification fees will not be assessed for testing and certification of connectivity to the Exchange's Disaster Recovery Facility.

The Exchange proposes to assess non-Members a Network Connectivity Testing and Certification Fee of \$1,200 per 1Gb connection and \$4,200 per 10Gb ULL connection. Below is the proposed fee table for non-Member Network Connectivity Testing and Certification fees:

¹⁸ "EENI" means the Emerald Express Network Interconnect, which is a network infrastructure which provides Members and non-Members network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of MIAX Emerald. When utilizing a Shared cross-connect, the EENI can also be configured to offer network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of MIAX

and MIAX PEARL. When utilizing a Dedicated cross-connect, the EENI can only be configured to offer network connectivity to the trading platforms, market data systems, and test systems of MIAX Emerald. The EENI consists of the low latency and ultra-low latency connectivity options set forth in the Exchange's Fee Schedule. See the Definitions section of the Fee Schedule.

¹⁹ "Shared" (cross-connect) means cross-connect that provides network connectivity to the trading

platforms, market data systems, test systems, and/or disaster recovery facilities of MIAX Emerald, MIAX and MIAX PEARL via a single, shared connection. The following connections can be Shared across MIAX Emerald, MIAX and MIAX PEARL: 1 Gigabit, 1 Gigabit Disaster Recovery, and 10 Gigabit Disaster Recovery. See the Definitions section of the Fee Schedule.

Non-member	1 Gigabit fee per connection	10 Gigabit ULL fee per connection
Service Bureau/Extranet Provider and other non-Members	\$1,200.00	\$4,200.00

The EENI is also available to non-Member subscribers. For non-Member subscribers, when utilizing a Shared cross-connect, the EENI can also be configured to offer network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange's affiliates, MIAX and MIAX PEARL. Accordingly, non-Members utilizing Shared cross-connects to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and its affiliates, MIAX and MIAX PEARL, will only be assessed one Network Connectivity Testing and Certification fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection. The Member and non-Member Network Testing and Certification fees represent installation and support costs incurred by the Exchange as it works with each Member and non-Member to make sure there are appropriate electronic connections with MIAX Emerald. The Exchange's affiliates, MIAX and MIAX PEARL, charge the same fees for the same services for their Members and non-Members.²⁰ The Exchange proposes to assess a higher Network Connectivity Testing and Certification fee to non-Members than to Members, similar to how MIAX and MIAX PEARL assesses such fees to their Members and non-Members. The higher fee charged to non-Members reflects the greater amount of time spent by MIAX Emerald employees testing and certifying non-Members. It has been MIAX Emerald's experience that Member network connectivity testing takes less time than non-Member network connectivity testing because Members have more experience testing these systems with exchanges as generally fewer questions and issues arise during the testing and certification process.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market

forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."²¹

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 16% market share.²² Therefore, no exchange possesses significant pricing power. More specifically, for the month of August 2020, the Exchange had an approximately 3.24% market share of executed volume of multiply-listed equity options.²³ The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to non-transaction and transaction fee changes. For example, on February 28, 2019, the Exchange's affiliate, MIAX PEARL, LLC ("MIAX PEARL") filed with the Commission a proposal to increase Taker fees in certain Tiers for options transactions in certain Penny classes for Priority Customers and decrease Maker rebates in certain Tiers for options transactions in Penny classes for Priority Customers (which fee was to be effective March 1, 2019).²⁴ MIAX PEARL experienced a decrease in total market share for the month of March 2019, after the proposal went into effect. Accordingly, the Exchange believes that the MIAX PEARL March 1, 2019 fee change, to increase certain transaction fees and decrease certain transaction rebates, may have contributed to the decrease in MIAX PEARL's market share and, as such, the Exchange believes competitive forces constrain the Exchange's, and other options exchanges, ability to set transaction fees and market participants can shift order

flow based on fee changes instituted by the exchanges.

Further, as there are currently 16 registered options exchanges competing for order flow with no single exchange accounting for more than approximately 16% of market share,²⁵ the Exchange cannot predict with certainty whether any market participant is planning to utilize any of the services of the Exchange such that API testing and certification or network connectivity testing and certification would be required, in which the Member or non-Member would be subject to the proposed API Testing and Certification fees and/or the Network Connectivity Testing and Certification fees that the Exchange proposes to establish herein.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act²⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act²⁷ in particular, in that it is an equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes its proposal to adopt API Testing and Certification fees and Network Connectivity Testing and Certification fees provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory for the following reasons. First, the Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in

²¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

²² The Options Clearing Corporation ("OCC") publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/market-data/volume/default.jsp>.

²³ See *id.*

²⁴ See Securities Exchange Act Release No. 85304 (March 13, 2019), 84 FR 10144 (March 19, 2019) (SR-PEARL-2019-07).

²⁵ See *supra* note 22.

²⁶ 15 U.S.C. 78f(b).

²⁷ 15 U.S.C. 78f(b)(4) and (5).

²⁰ See MIAX Fee Schedule, Sections 4(c) and 4(d); see also MIAX PEARL Fee Schedule, Sections 4(c) and 4(d).

determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁸ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 16% of the market share of executed volume of multiply-listed equity and ETF options.²⁹ Therefore, no exchange possesses significant pricing power. More specifically, for the month of August 2020, the Exchange had approximately 3.24% market share of executed volume of multiply-listed equity options.³⁰

The Exchange also believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to non-transaction and transaction fee changes. For example, on February 28, 2019, the Exchange’s affiliate, MIAX PEARL, filed with the Commission a proposal to increase Taker fees in certain Tiers for options transactions in certain Penny classes for Priority Customers and decrease Maker rebates in certain Tiers for options transactions in Penny classes for Priority Customers (which fee was to be effective March 1, 2019).³¹ MIAX PEARL experienced a decrease in total market share for the month of March 2019, after the proposal went into effect. Accordingly, the Exchange believes that the MIAX PEARL March 1, 2019 fee change, to increase certain transaction fees and decrease certain transaction rebates, may have contributed to the decrease in MIAX PEARL’s market share and, as such, the Exchange believes competitive forces constrain the Exchange’s, and other options exchanges, ability to set transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

Second, the Exchange believes its proposal to adopt API Testing and Certification fees and Network Connectivity Testing and Certification fees for Members and non-Members is

an equitable allocation of reasonable dues and fees pursuant to Section 6(b)(4) of the Act³² because of the time and resources spent to ensure that Member and non-Member APIs and connectivity function correctly to prevent any System malfunction. Further, the Exchange believes the price differential in API Testing and Certification fees and Network Connectivity Testing and Certification fees for Members and non-Members is not unfairly discriminatory because, in the Exchange’s experience, Member testing utilizes less Exchange resources and employee time than non-Member testing as Members have more experience testing these systems with exchanges, resulting generally in fewer questions and issues arising during the testing and certification process. Also, with respect to API testing and certification, because Third Party Vendors and Service Bureaus are redistributing data and reselling services to other Members and market participants the number and types of scenarios that need to be tested are more numerous and complex than those tested and certified for Members.

Accordingly, the Exchange no longer believes it is necessary to waive API Testing and Certification fees and Network Connectivity Testing and Certification fees to attract market participants to the MIAX Emerald market since this market is now established and MIAX Emerald no longer needs to rely on such waivers to attract market participants. The Exchange believes its proposed API Testing and Certification fees and Network Connectivity Testing and Certification fees are reasonable and well within the range of non-transaction fees assessed among other exchanges, including the Exchange’s affiliates, MIAX and MIAX PEARL.³³

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees for services and products, in addition to order flow, to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose

any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Intra-Market Competition

The Exchange does not believe that the proposed rule change would place certain market participants at the Exchange at a relative disadvantage compared to other market participants or affect the ability of such market participants to compete. Unilateral action by MIAX Emerald in the assessment of certain non-transaction fees for services provided to its Members and others using its facilities will not have an impact on competition. As a more recent entrant in the already highly competitive environment for equity options trading, MIAX Emerald does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Act. MIAX Emerald’s proposed API Testing and Certification fee levels and Network Connectivity Testing and Certification fee levels, as described herein, are comparable to fee levels charged by other options exchanges for the same or similar services, including those fees assessed by the Exchange’s affiliates, MIAX and MIAX PEARL.³⁴

The Exchange believes that the proposed API Testing and Certification fees and Network Connectivity Testing and Certification fees do not place certain market participants at a relative disadvantage to other market participants because the fees do not apply unequally to different size market participants, but instead would allow the Exchange charge for the time and resource necessary for API testing and certification and network connectivity testing and certification for Members and non-Members to ensure proper functioning of all available order types, new order entry, order management, order throughput and mass order cancellation (as well as, for Market Makers, all available quote types, quote throughput, quote management and cancellation, Aggregate Risk Manager settings and triggers, and confirmation of quotes within the trading engines). Accordingly, the proposed API Testing and Certification fees and network connectivity testing and certification fees do not favor certain categories of market participants in a manner that would impose a burden on competition.

Inter-Market Competition

The Exchange believes the proposed API Testing and Certification fees and network connectivity testing and

²⁸ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

²⁹ The Options Clearing Corporation (“OCC”) publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/market-data/volume/default.jsp>.

³⁰ See *id.*

³¹ See *supra* note 24.

³² 15 U.S.C. 78f(b)(4).

³³ See *supra* note 20.

³⁴ See *supra* note 20.

certification fees do not place an undue burden on competition on other SROs that is not necessary or appropriate. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing options venues if they deem fee levels at a particular venue to be excessive.³⁵ Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% market share. Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. For the month of August 2020, the Exchange had a market share of approximately 3.24% of executed multiply-listed equity options³⁶ and the Exchange believes that the ever-shifting market share among exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to fee changes. In such an environment, the Exchange must continually adjust its fees and fee waivers to remain competitive with other exchanges and to attract order flow to the Exchange.

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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³⁷ and Rule 19b-4(f)(2)³⁸ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-EMERALD-2020-09 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-EMERALD-2020-09. 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-EMERALD-2020-09 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁹

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90180; File No. SR-NYSE-2020-82]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Price List

October 14, 2020.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on September 30, 2020, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Price List to (1) extend the Transition Period for member organizations to transition to the utilization of ports that connect to the Exchange using Pillar technology; (2) extend the Decommission Period that begins once the Transition Period ends; and (3) extend the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019. The Exchange proposes to implement these changes to its Price List effective October 1, 2020. 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,

³⁵ See *supra* note 22.

³⁶ *Id.*

³⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁸ 17 CFR 240.19b-4(f)(2).

³⁹ 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.

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 purpose of this filing is to provide additional time for member organizations to transition from older to newer and more efficient Pillar technology. The Exchange is not proposing to adjust the amount of the port fees or the fees charged to offset the Exchange's continuing costs of supporting legacy ports, which will remain at the current level for all market participants.

Effective July 3, 2019, the Exchange introduced transition pricing designed to provide member organizations an extended transition period to connect to the Exchange using Pillar technology with no fee increase. Specifically, the Exchange (1) adopted a cap on monthly fees for the use of certain ports connecting to the Exchange for the billing months July 2019 through March 2020 (the "Transition Period"); (2) adopted a Decommission Extension Fee applicable for the billing months April 2020 through September 2020 (the "Decommission Period") for legacy port connections; and (3) prorated the monthly fee for certain ports activated after July 1, 2019, effective April 1, 2020.⁴

Effective March 2, 2020, the Exchange (1) extended the end of the Transition Period from March 2020 to August 2020 for member organizations to transition to the utilization of ports that connect to the Exchange using Pillar technology; (2) shortened the Decommission Period from six months (April 2020–September 2020) to four months (September–December 2020); (3) extended the effective date that the Exchange would prorate the monthly fee for certain ports activated on or after July 1, 2019 from April 1, 2020 to September 1, 2020; and (4) revised the fees charged for legacy port connections during the Decommission Period.⁵

Effective August 1, 2020, the Exchange (1) extended the end of the Transition Period from August 2020 to October 2020; (2) extended the beginning of the Decommission Period from September 2020 to November 2020

and the end of the Decommission Period from December 2020 to February 2021; and (3) extended the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019 from September 1, 2020 to November 1, 2020.⁶

The Exchange proposes to:

- Extend the end of the Transition Period from October 2020 to December 2020;
- extend the beginning of the Decommission Period from November 2020 to January 2021 and the end of the Decommission Period from February 2021 to April 2021; and
- extend the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019 from November 1, 2020 to January 1, 2021.

The Exchange would continue to provide a cap on how much member organizations would be charged for ports during the proposed extra two months of the Transition Period so that they would not incur additional charges during the transition to Pillar communication protocols. Moreover, the Exchange would retain a four month period during which the few firms that do not transition during the proposed longer Transition Period would be charged fees to offset the Exchange's continuing costs of supporting legacy ports but proposes to extend the beginning and end dates for this period.

The Exchange proposes to implement these changes to its Price List effective October 1, 2020.

Competitive Environment

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."⁷

As the Commission itself recognized, the market for trading services in NMS stocks has become "more fragmented and competitive."⁸ Indeed, equity

trading is currently dispersed across 15 exchanges,⁹ 31 alternative trading systems,¹⁰ and numerous broker-dealer internalizers and wholesalers. Based on publicly-available information, no single exchange has more than 20% of the market share of executed volume of equity trades (whether excluding or including auction volume).¹¹ The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, including ports, in response to fee changes. Accordingly, the Exchange's fees, including port fees, are reasonably constrained by competitive alternatives and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange is proposing these changes in the context of a competitive environment in which market participants can and do shift order flow, or discontinue or reduce use of certain categories of products, in response to fee changes. Because ports are used by member organizations to trade electronically on the Exchange, fees associated with ports are subject to these same competitive forces. The Exchange believes that the proposal represents a reasonable attempt to provide member organizations with additional time to effect an orderly transition to upgraded technology without incurring additional costs.

Proposed Rule Change

Member organizations enter orders and order instructions, and receive information from the Exchange, by establishing a connection to a gateway that uses communication protocols that map to the order types and modifiers described in Exchange rules. These gateway connections, also known as logical port connections, are referred to as "ports" on the Exchange's Price List. Legacy ports connect with the Exchange via a Common Customer Gateway (known as "CCG") that accesses its

05–18) (Transaction Fee Pilot for NMS Stocks Final Rule) ("Transaction Fee Pilot").

⁹ See Cboe Global Markets, U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

¹⁰ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

¹¹ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁴ See Securities Exchange Act Release No. 86360 (July 11, 2019), 84 FR 34210 (July 17, 2019) (SR–NYSE–2019–39).

⁵ See Securities Exchange Act Release No. 88373 (March 12, 2020), 85 FR 15533 (March 18, 2020) (SR–NYSE–2020–14).

⁶ See Securities Exchange Act Release No. 89591 (August 18, 2020), 85 FR 52159 (August 24, 2020) (SR–NYSE–2020–14) [sic].

⁷ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37495, 37499 (June 29, 2005) (S7–10–04) (Final Rule) ("Regulation NMS").

⁸ See Securities Exchange Act Release No. 51808, 84 FR 5202, 5253 (February 20, 2019) (File No. S7–

equity trading systems ("Phase I ports"). Beginning July 1, 2019, the Exchange began making available ports using Pillar gateways to its member organizations ("Phase II ports").

Extension of the Date To Prorate Ports

The Exchange currently makes available ports that provide connectivity to the Exchange's trading systems (*i.e.*, ports for entry of orders and/or quotes ("order/quote entry ports")) and charges \$550 per port per month. Designated Market Makers ("DMMs") are not charged for the first 12 ports per month that connect to the Exchange.¹² The Exchange also currently makes ports available for drop copies and charges \$550 per port per month,¹³ except that DMMs are not charged for drop copy ports that connect to the Exchange.

During the ongoing first phase of the Exchange's transition pricing, the fees charged for both order/quote entry and drop copy ports are, with certain exceptions, capped at—and thus not charged for more than—the total number of both order/quote entry and drop copy ports that the member organization has activated as of its June 2019 invoice.

Effective November 1, 2020, the Exchange will prorate fees for order/quote entry and drop copy ports activated after July 1, 2019, to the number of trading days that a port is eligible for production trading with the Exchange, including any scheduled early closing days.

The Exchange proposes to extend the effective date for the prorating of order/quote entry and drop copy ports to January 1, 2021 to coincide with the end of the proposed extended Transition Period in December 2020, discussed below.

Extension of the Transition Period

Currently, during the billing months of July 2019 through October 2020 (the "Transition Period"), the total number of ports charged per member organization is capped at the total number of ports that the member organization activated as of the June 2019 invoice, which was the last full month prior to the introduction of the new gateways (the "Transition Cap"). Transition Cap pricing is available until the earlier of (1) the end of the Transition Period, *i.e.*, October 2020, or (2) the billing month during which a member organization fully transitions to using only ports that communicate

using Pillar phase II protocols. If during the Transition Period, a member organization increases the number of Phase I ports above the Transition Cap, those ports would be charged at the current rates for order/quote entry ports and drop copy ports. Finally, if during the Transition Period a member organization has a total number of ports below the Transition Cap, the Exchange would charge a member organization for their actual number of ports.

The Exchange proposes to extend the Transition Period by two months to December 2020. As proposed, the charge per port (order/quote entry and drop copy) would remain at \$550 per port per month. DMMs would continue not to be charged for drop copy ports and for their first 12 order/quote entry ports per month that connect to the Exchange, and then charged \$550 per order/quote entry port that connects to the Exchange per month thereafter.

The purpose of Transition Period pricing is to cap port fees to allow member organizations additional time to implement technology changes necessary to connect to the Exchange using the Phase II ports without incurring additional Exchange fees. As of September 2020, only 66% of Phase I ports have been cancelled. Based on the Exchange's experience to date, the Exchange believes that an additional two months will be necessary to provide sufficient time for all member organizations, regardless of size, to be able to complete the necessary changes and transition fully to the Phase II ports.

Extension of the Decommission Period

Currently, member organizations that have not transitioned to Phase II ports and are still utilizing Phase I ports during the billing months of November 2020 through February 2021 (*i.e.*, the Decommission Period), would, in addition to the current port fees, be charged a Decommission Extension Fee of \$1,000 per port per month, increasing by \$1,000 per port for each month for any ports that communicate using Pillar phase I protocols. As per the Price List, ports using Pillar phase I protocols would no longer be available beginning March 1, 2021.

The Exchange proposes that the Decommission Period would begin in January 2021, after the end of the proposed longer Transition Period, and end four months later. As proposed, the Decommission Period would commence in January 2021 and end in April 2021. As a result, the Price List would also be amended to provide that ports using Pillar phase I protocols would no longer be available beginning May 1, 2021.

As noted above, the Exchange believes that extending the Transition Period would provide sufficient time for member organizations to fully transition to Phase II ports and eliminate their use of Phase I ports. To the extent that member organizations do not complete the transition during the Transition Period, the Exchange will offer member organizations the ability to choose to continue using Phase I ports until May 2021.

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any problems that member organizations would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Proposed Changes Are Reasonable

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."¹⁶

As the Commission itself recognized, the market for trading services in NMS stocks has become "more fragmented and competitive."¹⁷ Indeed, equity trading is currently dispersed across 15 exchanges,¹⁸ 31 alternative trading systems,¹⁹ and numerous broker-dealer

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(4) & (5).

¹⁶ See Regulation NMS, 70 FR at 37499.

¹⁷ See Transaction Fee Pilot, 84 FR at 5253.

¹⁸ See Cboe Global Markets, U.S. Equities Market Volume, available at http://markets.cboe.com/us/equities/market_share/. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

¹⁹ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is

¹² DMMs completed the transition to Phase II ports last year.

¹³ Only one fee per drop copy port applies, even if receiving drop copies from multiple order/quote entry ports.

internalizers and wholesalers. Based on publicly-available information, no single exchange has more than 20% of the market share of executed volume of equity trades (whether excluding or including auction volume).²⁰ The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, including ports, in response to fee changes. Accordingly, the Exchange's fees, including port fees, are reasonably constrained by competitive alternatives and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

If a particular exchange charges excessive fees for connectivity, impacted members and non-members may opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, if the Exchange charges excessive fees, it would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity.

Given this competitive environment, the proposal represents a fair and reasonable attempt to provide member organizations with additional time to make an orderly transition to upgraded technology without increasing their costs. As noted, as of September 2020, 34% of legacy ports have not been cancelled. If a member organization is unable to complete this transition within the additional two months of the extended Transition Period, the pricing is designed so that only those few member organizations that may not transition within that time period would pay for the Exchange to continue to support their Phase I ports.

The Proposal Is an Equitable Allocation of Fees

The Exchange believes its proposal equitably allocates its fees among its market participants. The Exchange is not proposing to adjust the amount of

the port fees or the fees charged fees to offset the Exchange's continuing costs of supporting legacy ports, which will remain at the current level for all market participants. Rather, the proposal would provide additional time for member organizations to transition from older to newer and more efficient Pillar technology and would charge the same fee for those few member organizations that choose not to transition to Phase II ports during the extended Transition Period.

The Exchange believes that the proposal to pro-rate port fees beginning January 1, 2021, is also an equitable allocation of fees since it would apply equally to all member organizations that connect to the Exchange, who would equally receive the benefit of being charged only for the connectivity utilized during any trading month beginning in January 2021. As noted above, to the extent a member organization continues to use ports activated before July 1, 2019 to connect to the Exchange during the new January 1, 2021 date and any subsequent months, the Exchange believes it is fair and equitable to continue to charge flat fees for such ports until such time that connection to the Exchange through the use of Phase I ports is no longer available beginning May 1, 2021.

The proposal constitutes an equitable allocation of fees because all similarly situated member organizations and other market participants that choose to connect to the Exchange through the use of Phase I ports during the Decommission Period would continue to be charged the same, unchanged Decommission Extension Fee. Moreover, as noted above, the Exchange proposes a longer transition period which the Exchange expects should be more than sufficient for all member organizations, regardless of size, to transition to Phase II ports before the Decommission Fee goes into effect.

The Proposal Is Not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. In the prevailing competitive environment, member organizations are free to disfavor the Exchange's pricing if they believe that alternatives offer them better value, and are free to discontinue to connect to the Exchange through its ports. As noted, the Exchange is offering upgraded connections in an effort to keep pace with changes in the industry and evolving customer needs as new technologies emerge and products continue to develop and change.

The proposal neither targets nor will it have a disparate impact on any

particular category of market participant. The Exchange believes that the proposal does not permit unfair discrimination because the proposal would be applied to all similarly situated member organizations and other market participants would be charged the same rates, which will remain unchanged.

The Exchange believes that the proposal does not permit unfair discrimination because the Exchange will be making available both the Phase I and Phase II ports available to all member organizations during the extended Transition Period on an equal basis. Accordingly, no member organization already operating on the Exchange would be disadvantaged by this allocation of fees. For the same reasons, the Exchange believes that the proposal would not permit unfair discrimination between member organizations.

Similarly, the Decommission Extension Fee would apply equally to all member organizations that choose to connect to the Exchange through the use of such ports during the proposed Decommission Period. If a member organization becomes subject to the Decommission Fee, it would only be because such firm chose not to complete its transition to the Phase II ports by the end of the proposed Transition Period. While the Exchange cannot predict with certainty whether any firms would be subject to the Decommission Fee, and if so, which ones, the Exchange anticipates that it would be a limited set of member organizations that would incur such fees.

The Exchange believes that the proposal to pro-rate port fees does not permit unfair discrimination because it would apply equally to all member organizations that connect to the Exchange, who would equally receive the benefit of being charged only for the connectivity utilized during any trading month beginning January 1, 2021. As noted, to the extent a member organization continues to use ports activated before July 1, 2019 to connect to the Exchange during January 2021 and any subsequent months, the Exchange believes it is fair, equitable and not unfairly discriminatory to continue to charge flat fees for such ports until such time that connection to the Exchange through the use of old ports is no longer available beginning May 1, 2021.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

available at <https://www.sec.gov/foia/docs/atlist.htm>.

²⁰ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,²¹ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would provide additional time for member organizations to transition from older to newer and more efficient Pillar technology with no fee increase and offset the Exchange's continuing costs of supporting the Phase I ports for the few firms that do not transition to the new ports during the longer transition period without any change to the fees currently charged by the Exchange for the use of ports to connect to the Exchange's trading systems.

Intramarket Competition. The Exchange does not believe the proposed rule change would impose any burden on intramarket competition that is not necessary or appropriate because it would apply to all member organizations equally that connect to the Exchange. All member organizations, regardless of size, will be eligible for the transition pricing through the extended Transition Period ending December 2020 and will be eligible to connect via either Phase I or Phase II ports during this period. In addition, all member organizations will be subject to the Decommission Fee on an equal basis if they do complete the transition to Phase II ports by the end of the new December 2020 date. As noted, the Exchange anticipates that a low percentage of member organizations would be subject to the proposed Decommission Fee, and the firms likely to be subject to such fee would be larger firms that could more easily absorb the cost of that fee. The Exchange further believes that by extending the Transition Period, all member organizations have an equal opportunity to timely transition to Phase II ports before the Decommission Fee would take effect.

Intermarket Competition. The Exchange does not believe the proposed rule change would impose any burden on intermarket competition that is not necessary or appropriate because the Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels

at those other venues to be more favorable. The Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets.

As noted, the no single exchange has more than 20% of the market share of executed volume of equity trades (whether excluding or including auction volume).²² The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, including ports, in response to fee changes. Accordingly, the Exchange's fees, including port fees, are reasonably constrained by competitive alternatives and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange is proposing these changes in the context of a competitive environment in which market participants can and do shift order flow, or discontinue or reduce use of certain categories of products, in response to fee changes. Because ports are used by member organizations to trade electronically on the Exchange, fees associated with ports are subject to these same competitive forces. The Exchange therefore believes that the proposal would not impose an undue burden on intermarket competition because the purpose of this filing is not to change the rates charged for ports or to offset the Exchange's continuing costs of supporting legacy ports but rather to provide member organizations with more time to effect an orderly transition to upgraded technology without needing to incur any additional costs.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)²³ of the Act and subparagraph (f)(2) of Rule 19b-4²⁴ thereunder, because it establishes a due,

fee, or other charge imposed by the Exchange.

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)²⁵ 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-NYSE-2020-82 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-2020-82. 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

²¹ 15 U.S.C. 78f(b)(8).

²² See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(2).

²⁵ 15 U.S.C. 78s(b)(2)(B).

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–2020–82 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020–23144 Filed 10–19–20; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90174; File No. SR–CBOE–2020–092]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 5.24

October 14, 2020.

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 October 1, 2020, 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 Act³ 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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rule 5.24. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

* * * * *

Rules of Cboe Exchange, Inc.

* * * * *

Rule 5.24. Disaster Recovery

(a)–(d) No change.

(e) Loss of Trading Floor. If the Exchange trading floor becomes inoperable, the Exchange will continue to operate in a screen-based only environment using a floorless configuration of the System that is operational while the trading floor facility is inoperable. The Exchange will operate using this configuration only until the Exchange’s trading floor facility is operational. Open outcry trading will not be available in the event the trading floor becomes inoperable, except in accordance with paragraph (2) below and pursuant to Rule 5.26, as applicable.

(1) Applicable Rules. In the event that the trading floor becomes inoperable, trading will be conducted pursuant to all applicable System Rules, except that open outcry Rules will not be in force, including but not limited to the Rules (or applicable portions of the Rules) in Chapter 5, Section G, and as follows (subparagraphs (A) through (E)(D) will be effective until [September 30] *December 31, 2020*):

* * * * *

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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 5.24 regarding the Exchange’s business continuity and disaster recovery plans. Rule 5.24 describes which Trading Permit Holders (“TPHs”) are required to connect to the Exchange’s backup systems as well as certain actions the Exchange may take as part of its business continuity plans so that it may maintain fair and orderly markets if unusual circumstances occurred that could impact the Exchange’s ability to conduct business. This includes what actions the Exchange would take if its trading floor became inoperable. Specifically, Rule 5.24(e) states if the Exchange trading floor becomes inoperable, the Exchange will continue to operate in a screen-based only environment using a floorless configuration of the System that is operational while the trading floor facility is inoperable. The Exchange would operate using that configuration only until the Exchange’s trading floor facility became operational. Open outcry trading would not be available in the event the trading floor becomes inoperable.⁵

Rule 5.24(e)(1) currently states in the event that the trading floor becomes inoperable, trading will be conducted pursuant to all applicable System Rules, except that open outcry Rules would not be in force, including but not limited to the Rules (or applicable portions) in Chapter 5, Section G,⁶ and that all non-trading rules of the Exchange would continue to apply. The Exchange recently adopted several rule changes that would apply during a time in which the trading floor is inoperable, which are effective until September 30, 2020.⁷ The Exchange believes these

⁵ Pursuant to Rule 5.26, the Exchange may enter into a back-up trading arrangement with another exchange, which could allow the Exchange to use the facilities of a back-up exchange to conduct trading of certain of its products. The Exchange currently has no back-up trading arrangement in place with another exchange.

⁶ Chapter 5, Section G of the Exchange’s rulebook sets forth the rules and procedures for manual order handling and open outcry trading on the Exchange.

⁷ See Securities Exchange Act Release Nos. 88386 (March 13, 2020), 85 FR 15823 (March 19, 2020) (SR–CBOE–2020–019); 88447 (March 20, 2020), 85 FR 17129 (March 26, 2020) (SR–CBOE–2020–023); 88490 (March 26, 2020), 85 FR 18318 (April 1, 2020) (SR–CBOE–2020–026); 88530 (March 31, 2020), 85 FR 19182 (April 6, 2020) (SR–CBOE–2020–031); 88886 (May 15, 2020), 85 FR 31008 (May 21, 2020) (SR–CBOE–2020–047); 89307 (July 14, 2020), 85 FR 43938 (July 20, 2020) (SR–CBOE–2020–066); and 89789 (September 8, 2020), 85 FR

²⁶ 17 CFR 200.30–3(a)(12).

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).

rules were necessary to implement to maintain a fair and orderly market while the trading floor was not operable in order to create an all-electronic trading environment similar to the otherwise unavailable open outcry trading environment.

As of March 16, 2020, the Exchange suspended open outcry trading to help prevent the spread of COVID-19.⁸ The trading floor remained closed until June 15, 2020. During the time when the trading floor was closed, the Exchange operated in an all-electronic trading environment and the temporary rules in Rule 5.24(e)(1) applied to that electronic trading environment. The Exchange believes that, while those temporary rules did not fully replicate open outcry trading, they allowed all-electronic trading to occur more similarly to open outcry trading.⁹

The trading floor is currently open for open outcry trading, and the Exchange is operating pursuant to its normal hybrid trading rules. The Exchange implemented numerous health and safety measures in connection with the reopening of the trading floor on June 15, 2020 to help protect the safety and

welfare of the trading floor community and help prevent the continued spread of COVID-19.¹⁰ However, the Exchange recognizes the ongoing nature of the COVID-19 pandemic in the United States, which may cause the Exchange to once again close its trading floor.

In the event the Exchange did close its trading floor again, the Exchange believes it would be necessary to again apply the recently adopted temporary rules in Rule 5.24(e)(1) to maintain a fair and orderly market while the trading floor was not operable in order to create an all-electronic trading environment similar to the otherwise unavailable open outcry trading environment. As noted above, Rule 5.24(e)(1) is effective only until September 30, 2020 (and the rules became inapplicable upon the reopening of the trading floor on June 15, 2020). Given the Exchange may believe it is appropriate to close the trading floor with little advanced notice and in a short timeframe to help protect the safety and welfare of the trading floor community, the Exchange proposes to extend the effectiveness of the temporary rules in Rule 5.24(e)(1) to December 31, 2020 (unless further extended). The Exchange believes this will permit the Exchange to as seamlessly as possible transition back to an all-electronic trading environment. The Exchange notes Rule 5.24(e)(1) will not apply to trading during times when the trading floor remains operable.

Previously when the temporary provisions of Rule 5.24(e)(1) were in place, the Exchange's Regulatory Division has continued its standard routine surveillance reviews for electronic trading and implemented a regulatory plan to surveil the rules in place in Rule 5.24(e)(1) when operating in a screen-based only environment. In the event the Exchange closes its trading floor again and the temporary provisions in Rule 5.24(e)(1) become applicable in an all-electronic trading environment, the Exchange's Regulatory Division would reimplement that regulatory plan to surveil those rules.

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.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest by permitting the Exchange to as seamlessly as possible transition back to an all-electronic trading environment in the event the Exchange determines it is appropriate to again close its trading floor. The Exchange expects it would take this action if it believes necessary and appropriate to help protect the safety and welfare of the trading community. Such a determination may occur with little advance notice, and closure of the trading floor may need to occur in a short time frame. The Exchange continues to believe the recent amendments to Rule 5.24(e)(1) allowed all-electronic trading to occur more similarly to open outcry trading while the trading floor was closed. The Exchange believes the proposed rule change is necessary and appropriate to provide TPHs with execution opportunities in an all-electronic trading environment for orders that generally execute in open outcry trading. Additionally, the proposed rule change will provide TPHs with an all-electronic trading environment to which they became accustomed when the trading floor was previously closed, and therefore will provide investors with consistent rules that apply when the Exchange operates in an all-electronic environment. The proposed rule change will provide investors with definitive knowledge of what rules will apply when the trading floor is closed.

56658 (September 14, 2020) (SR-CBOE-2020-081). The Exchange recently adopted permanent Related Futures Cross ("RFC") orders and deleted subparagraph (E), pursuant to which the Exchange could offer RFC orders in the event the trading floor was inoperable. See Securities Exchange Act Release No. 89768 (September 4, 2020), 85 FR 55869 (September 10, 2020) (SR-CBOE-2020-060). In the rule filing to permanently adopt RFC orders, the Exchange deleted the temporary version of RFC orders in subparagraph (E), but inadvertently did not change the applicability of subparagraph (e)(1) to subparagraphs (A) through (D) rather than (A) through (E) (as subparagraph (E) was deleted in its entirety). Therefore, the proposed rule change makes this update.

⁸ On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic and to slow the spread of the disease, federal and state officials implemented social-distancing measures, placed significant limitations on large gatherings, limited travel, and closed non-essential businesses.

⁹ The Exchange continues to consider other enhancements to the all-electronic trading configuration that it believes may permit this configuration to further replicate the open outcry trading environment. The Exchange would submit separate rule filings for any such proposed enhancements. The Exchange notes it recently submitted a separate rule filing to adopt a virtual trading floor, which the Exchange may determine to make available if the trading floor becomes inoperable. See Securities Exchange Act Release No. 89131 (June 23, 2020), 85 FR 38951 (June 29, 2020) (SR-CBOE-2020-055). If the Commission approves that filing, and the trading floor subsequently becomes inoperable and the Exchange makes the virtual trading floor available, the temporary rules in Rule 5.24(e)(1) would not be in effect (the Exchange submitted partial Amendment No. 1 to SR-CBOE-2020-055 to make that clear). Separately, the Exchange believes the temporary rules in Rule 5.24(e)(1) should be effective for a period of time while the virtual trading floor is available, the Exchange will submit a separately rule filing to propose that change.

¹⁰ See Exchange Notice C2020052601, *Standards of Conduct related to the Reopening of the Cboe Options Trading Floor and COVID-19* (May 26, 2020), available at https://cdn.cboe.com/resources/release_notes/2020/Standards-of-Conduct-related-to-the-Reopening-of-the-Cboe-Options-Trading-Floor-Notice-Final.pdf.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ *Id.*

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended as a competitive filing, but rather extends the effectiveness of temporary rules as part of the Exchange's business continuity plans, which are intended to allow the Exchange to continue to maintain fair and orderly markets while the Exchange's trading floor continues to be inoperable.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁶ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately. The Exchange believes extension of the temporary rules put in place due to the ongoing COVID-19 pandemic will permit the Exchange to minimize disruptions in the market during a transition back to an all-

electronic trading environment if the Exchange believes it is necessary and appropriate to help protect the safety and welfare of the trading community. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest as it will allow the temporary rules to continue with minimal interruption, thereby avoiding investor confusion that could result from an interruption in the effectiveness of the rules. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.¹⁸

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-CBOE-2020-092 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-2020-092. 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-2020-092 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020-23146 Filed 10-19-20; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, the Securities and Exchange Commission will hold a joint Open Meeting with the Commodity Futures Trading Commission on Thursday, October 22, 2020, at 10:00 a.m.

PLACE: The meeting will be held via remote means and/or at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting will begin at 10:00 a.m. (ET) and will be open to the public via audio webcast only on the Commission's website at www.sec.gov.

MATTERS TO BE CONSIDERED: At the joint open meeting, the Commissions will consider whether to adopt rule amendments to lower the margin

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission has waived the five business day notification requirement for this proposed rule change.

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

¹⁸ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁹ 17 CFR 200.30-3(a)(12).

requirement for an unhedged security futures position from 20% to 15% and adopt certain conforming revisions to the security futures margin offset table.

At the meeting, the Commissions also will consider whether to issue a request for comment on the portfolio margining of uncleared swaps and non-cleared security-based swaps. The request for comment would solicit comment on all aspects of the portfolio margining of uncleared swaps, non-cleared security-based swaps, and related positions, including on the merits, benefits, and risks of portfolio margining these types of positions, and on any regulatory, legal, and operational issues associated with portfolio margining them.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact Vanessa A. Countryman, Office of the Secretary, at (202) 551-5400.

Dated: October 15, 2020.

Vanessa A. Countryman,
Secretary.

[FR Doc. 2020-23245 Filed 10-16-20; 11:15 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90177; File No. SR-NASDAQ-2020-065]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Lower the Enterprise License Fee for Broker-Dealers Distributing Nasdaq Basic to Internal Professional Subscribers as Set Forth in the Equity 7 Pricing Schedule, Section 147, and the Enterprise License Fee for Broker-Dealers Distributing Nasdaq Last Sale to Professional Subscribers at Equity 7, Section 139

October 14, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 30, 2020, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the

proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to lower the enterprise license fee for broker-dealers distributing Nasdaq Basic to internal Professional Subscribers as set forth in the Equity 7 Pricing Schedule, Section 147, and the enterprise license fee for broker-dealers distributing Nasdaq Last Sale (“NLS”) to Professional Subscribers at Equity 7, Section 139.

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, 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 aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq proposes to lower the enterprise license fee for broker-dealers distributing Nasdaq Basic to internal Professional Subscribers³ from a two-tiered fee of \$365,000, plus \$2 for any Professional Subscribers over 16,000, to a flat fee of \$155,000. The license would otherwise remain unchanged.

³ A “Professional Subscriber” is any Subscriber other than a Non-Professional Subscriber. A “Non-Professional Subscriber” is “a natural person who is not (i) registered or qualified in any capacity with the Commission, the Commodity Futures Trading Commission, any state securities agency, any securities exchange or association, or (ii) any commodities or futures contract market or association; engaged as an ‘investment adviser’ as that term is defined in Section 201(11) of the Investment Advisers Act of 1940 (whether or not registered or qualified under that Act); or (iii) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt.” See Equity 7 Pricing Schedule, Section 147(d)(4).

The enterprise license fee for broker-dealers distributing NLS to internal Professional Subscribers would be changed in a similar fashion: the two-tiered fee of \$365,000, plus \$2 for any Professional Subscribers over 16,000, would be replaced with a flat fee of \$155,000. Both fee reductions are designed to help Nasdaq compete against other exchanges selling top-of-book⁴ market data products.

Nasdaq Basic and Nasdaq Last Sale

Nasdaq Basic is a real-time market data product that offers best bid and offer and last sale information for all U.S. exchange-listed securities based on liquidity within the Nasdaq market center and trades reported to the FINRA/Nasdaq Trade Reporting Facility (“TRF”). It is a subset of the “core” quotation and last sale data provided by securities information processors (“SIPs”) distributing consolidated data pursuant to the CTA/CQ Plan and the UTP Plan. Nasdaq Basic is separated into three components, which may be purchased individually or in combination: (i) Nasdaq Basic for Nasdaq, which contains the best bid and offer on the Nasdaq market center and last sale transaction reports for Nasdaq and the FINRA/Nasdaq TRF for Nasdaq-listed stocks; (ii) Nasdaq Basic for NYSE, which covers NYSE-listed stocks, and (iii) Nasdaq Basic for NYSE American, which provides data on stocks listed on NYSE American and other listing venues that disseminate quotes and trade reports on Tape B. The specific data elements available through Nasdaq Basic are: (i) Nasdaq Basic Quotes (“QBBO”), the best bid and offer and associated size available in the Nasdaq Market Center, as well as last sale transaction reports; (ii) Nasdaq opening and closing prices, as well as IPO and trading halt cross prices; and (iii) general exchange information, including systems status reports, trading halt information, and a stock directory.

NLS provides real-time last sale information for executions occurring within the Nasdaq market center and trades reported to the jointly-operated FINRA/Nasdaq TRF.⁵ The NLS data

⁴ “Top-of-book” market data products provide last sale information, or both last sale and best bid and offer information to the user, without additional “depth of book” data. Both Nasdaq Last Sale and Nasdaq Basic are examples of top-of-book products.

⁵ See Securities Exchange Act Release No. 57965 (June 16, 2008), 73 FR 35178 (June 20, 2008) (SR-NASDAQ-2006-060) (proposing NLS); see also Securities Exchange Act Release No. 57965 (June 16, 2008), 73 FR 35178 (June 20, 2008) (SR-NASDAQ-2006-060) (approving SR-NASDAQ-2006-060, as amended by Amendment Nos. 1 and 2, to implement NLS on a pilot basis).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

feed, which provides price, volume and time of execution data for last sale transactions, includes transaction information for Nasdaq-listed stocks (“NLS for Nasdaq”) and for stocks listed on NYSE, NYSE American, and other Tape B listing venues (“NLS for NYSE/ NYSE American”).⁶ This is also a non-core product that provides a subset of the core last sale data distributed by the SIPs under the CTA/CQ Plan and the UTP Plan.⁷

Current Top-of-Book Enterprise Licenses for Internal Professional Subscribers

Broker-dealers may purchase Nasdaq Basic, or Derived Data⁸ therefrom, for internal professional use for a monthly per-Subscriber fee of \$26,⁹ or, in lieu of a per-Subscriber fee, purchase an enterprise license for the internal distribution of Nasdaq Basic to Professional Subscribers for \$365,000, plus \$2 for any Professional Subscribers over 16,000 if an external Distributor¹⁰ controls the display of the product.¹¹ The license also allows the broker-dealer to display NLS data for its own stock price and that of up to ten of its competitors or peers on its internal website. Separate licenses must be purchased if more than one external Distributor controls display of the product. The license excludes

Distributor fees, which are \$1,500 per month for internal distribution.¹²

Although NLS was initially designed for general distribution to individual investors,¹³ a broker-dealer may elect to distribute this data to its registered representatives through an employer-provided workstation or software application. To allow for such usage, Nasdaq adopted a fee schedule for “specialized usage” of NLS not associated with distribution of data to the general investing public. In general, broker-dealers paying for specialized usage track either the number of Subscribers receiving data or the number of queries for the data, and pay the corresponding fee.

As an alternative to per-Subscriber or per-query fees, however, a broker-dealer may purchase an enterprise license for internal Subscribers to receive NLS, or Derived Data therefrom, through an external Distributor that controls display of the product. The fee is \$365,000 per month for up to 16,000 internal Subscribers, plus \$2 for each additional internal Subscriber over 16,000, the same fee structure as the enterprise license for the internal distribution of Nasdaq Basic to Professionals. A separate enterprise license must be purchased for each external Distributor that controls the display of the product. The enterprise license does not include distributor fees.

Proposed Fee Reduction for Nasdaq Basic and NLS Enterprise Licenses

Nasdaq proposes to reduce its enterprise license fees for Nasdaq Basic and NLS to bolster its ability to compete effectively against other exchanges selling top-of-book market data products. Nasdaq faces fierce competition in the multi-sided market for exchange services, including the sale of all market data products. In addition, top-of-book data products—those that provide last sale information such as NLS, or last sale and best bid and offer information like Nasdaq Basic—face vigorous direct competition from the top-of-book data products offered by other equities exchanges, which are substitutes.

The value of a top-of-book product depends on the quality of the data and how well it approximates the

consolidated National Best Bid and Offer (“NBBO”) disseminated by the SIPs—the better the approximation, in terms of time and number of stocks, the more useful the product.¹⁴ This usefulness is determined by the amount of order flow attracted by the exchange—the more order flow, the more quotes and trades, and the better the exchange data will be able to match the NBBO. Nasdaq faces vigorous competition for the sale of this data, including from the “Best Quote and Trade” (“BQT”) product sold by the NYSE-affiliated exchanges, and the Choe One Summary Feed.¹⁵

Nasdaq received customer feedback requesting that it lower the price of the professional licenses for its top-of-book products. This feedback prompted a reexamination of Nasdaq’s four enterprise licenses for top-of-book data: (i) The license for internal Professional distribution of Nasdaq Basic to Professionals for \$365,000 per month (the subject of this proposal); (ii) the license for external distribution of Nasdaq Basic to Professionals and Non-Professionals in the context of the brokerage relationship for \$100,000 per month;¹⁶ (iii) the license for external distribution of NLS data to the General Investing Public for Display Usage for \$41,500;¹⁷ and (iv) the license for internal and external distribution of top-of-book¹⁸ and depth-of-book¹⁹ products for \$500,000 with a twelve-month commitment, or a month-to-month fee of \$600,000.²⁰

Fees for three of these four licenses have been reduced in the last several years. In 2016, Nasdaq lowered the fee for external distribution of Nasdaq Basic in the context of the brokerage

¹⁴ Nasdaq understands that many customers that purchase SIP data do not also purchase Nasdaq Basic because they are closely-related products. Where customers do buy both products, they may shift the extent to which they purchase one or the other based on price changes, by, for example, reducing the number of queries submitted for either product. The SIP constrains the price of Nasdaq Basic because no purchaser would pay an excessive price for Nasdaq Basic when similar data is also available from the SIP.

¹⁵ Nasdaq Basic is not a substitute for the SIP in all use cases because Rule 603(c) of Regulation NMS (the “Vendor Display Rule”) prohibits a broker-dealer from “provid[ing], in a context in which a trading or order-routing decision can be implemented, a display of any information with respect to quotations for or transactions in an NMS stock without also providing, in an equivalent manner, a consolidated display for such stock.”

¹⁶ See Equity 7 Pricing Schedule, Section 147(b)(5).

¹⁷ See Equity 7 Pricing Schedule, Section 139(b)(4).

¹⁸ The top-of-book products distributed under this license are Nasdaq Basic, NLS and NLS Plus.

¹⁹ The depth-of-book products distributed under this license are TotalView and Level 2.

²⁰ See Equity 7 Pricing Schedule, Section 132.

⁶ See Securities Exchange Act Release No. 57965 (June 16, 2008), 73 FR 35178 (June 20, 2008) (SR–NASDAQ–2006–060).

⁷ See Securities Exchange Act Release No. 34–82723 (February 15, 2018), 83 FR 7812 (February 22, 2018) (SR–NASDAQ–2018–010).

⁸ “Derived Data” is “pricing data or other information that is created in whole or in part from Nasdaq information; it cannot be reverse engineered to recreate Nasdaq information, or be used to create other data that is recognizable as a reasonable substitute for Nasdaq information.” See Equity 7, Section 147(d)(6).

⁹ See Equity 7 Pricing Schedule, Section 147(b)(1). The \$26 monthly per-Subscriber fee consists of monthly charges of \$13 for Nasdaq Basic for Nasdaq, \$6.50 for Nasdaq Basic for NYSE, and \$6.50 for Nasdaq Basic for NYSE MKT.

¹⁰ “Distributor” refers to “any entity that receives Nasdaq Basic data directly from Nasdaq or indirectly through another entity and then distributes it to one or more Subscribers. (A) “Internal Distributors” are Distributors that receive Nasdaq Basic data and then distribute that data to one or more Subscribers within the Distributor’s own entity. (B) “External Distributors” are Distributors that receive Nasdaq Basic data and then distribute that data to one or more Subscribers outside the Distributor’s own entity. See Equity 7, Section 147(d)(1).

¹¹ The additional \$2 fee was introduced to defray additional costs incurred by Nasdaq when distributing Nasdaq Basic through an External Distributor that controls display of the product. See Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR–NASDAQ–2014–011).

¹² See Equity 7 Pricing Schedule, Section 147(c)(1).

¹³ See Securities Exchange Act Release No. 82723 (February 15, 2018), 83 FR 7812 (February 22, 2018) (SR–NASDAQ–2018–010) (explaining that “NLS was designed to enable market-data ‘distributors to provide free access to the data contained in NLS to millions of individual investors via the internet and television’ and was expected to ‘increase the availability of Nasdaq proprietary market data to individual investors.’”).

relationship from \$350,000 to \$100,000.²¹ Also in 2016, the Exchange reduced the monthly fee for the external distribution of NLS data from \$50,000 to \$41,500.²² In 2018, Nasdaq introduced an enterprise license that substantially lowered the cost of purchasing top-of-book and depth-of-book data together by replacing three separate enterprise licenses—\$365,000 for internal distribution of Nasdaq Basic, \$100,000 for external distribution in a brokerage relationship, and \$500,000 for distribution of depth-of-book products—with a single license for a monthly fee of \$500,000, with a twelve-month service commitment.²³

In light of customer feedback and Nasdaq's history of lowering fees for top-of-book products, Nasdaq determined that the proposed fee will better position it to operate in the current competitive environment. Fees for the other three enterprise licenses have been lowered over the course of the last four years, while the license fee for internal professionals has not changed since the enterprise license was introduced in 2014.²⁴ Nasdaq believes that this fourth fee reduction will allow it to continue to compete in the market for top-of-book products.

The new enterprise license fee will substantially lower total and per-Subscriber costs for broker-dealers with approximately 5,962 or more internal Professional Subscribers. All current enterprise license purchasers will save the difference between the current base fee of \$365,000 and the proposed fee of \$155,000 (which is \$210,000 per month), plus \$2 times the number of internal Professional Subscribers over 16,000. A broker-dealer with 17,000 internal Professional Subscribers, for example, would save a total of \$212,000 per month as compared to the current license,²⁵ reducing average per-

Subscriber monthly charges from \$21.60²⁶ to \$9.12.²⁷

In addition, a number of the mid-size broker-dealers that currently have too few professional subscribers to benefit from the license would be able to achieve substantial savings at the new, lower rate. The “break even” point—*i.e.*, the point at which the average per-Subscriber rate of a licensee falls below the per-Subscriber rate of \$26—is currently 14,038 internal Professional Subscribers.²⁸ Under the new fee schedule, broker-dealers with as few as 5,962 internal Professional Subscribers would be able to save money.²⁹ A hypothetical broker-dealer with 10,000 internal Professional Subscribers would be able to save \$105,000 per month,³⁰ reducing per-Subscriber fees from \$26³¹ to \$15.50.³²

In addition to lowering Nasdaq's fees, the proposed rule change will allow users to lower internal administrative costs by eliminating the need to report monthly usage. Nasdaq does not have sufficient information about broker-dealer operations and costs to accurately estimate these savings, but believes that monthly savings in administrative expenditures—as well as the improved ability to project future expenditures achieved by eliminating audit liability for errors in reporting usage—to be substantial.

Staff of the Commission's Division of Trading and Markets have indicated that self-regulatory organizations (“SROs”) proposing fee changes should provide “the projected number of purchasers (including members, as well as non-members) of any new or modified product or service”³³ While any

broker-dealer with approximately 5,962 or more internal Subscribers will be able to benefit from the proposed license, Nasdaq does not know, and is unable to ascertain with precision, the number of internal Professional Subscribers utilized by various broker-dealers, nor can it anticipate the actions of its competitors in response to the lower enterprise license fee, and therefore cannot project precisely the number of expected purchasers. Nevertheless, judging from expressions of interest and Nasdaq's experience in the financial services industry, Nasdaq estimates that between fifteen and twenty broker-dealers worldwide may elect to purchase the license.³⁴

2. Statutory Basis

The Exchange believes that its Proposal is consistent with Section 6(b) of the Act,³⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,³⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As a preliminary manner, the statutory basis for the current Nasdaq Basic and NLS enterprise licenses have already been explained in prior filings.³⁷ The Proposal lowers fees for enterprise licenses that have already been shown to be consistent with Section 6(b) of the Act, and this analysis therefore focuses on the new, lower fees.³⁸

2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>.

³⁴ This estimate is based on customer conversations and the experience and judgment of Nasdaq staff.

³⁵ See 15 U.S.C. 78f(b).

³⁶ See 15 U.S.C. 78f(b)(4) and (5).

³⁷ See, e.g., Securities Exchange Act Release No. 81697 (September 25, 2017), 82 FR 45639 (September 29, 2017) (SR-NASDAQ-2017-095); Securities Exchange Act Release No. 72620 (July 16, 2014), 79 FR 42572 (July 22, 2014) (SR-NASDAQ-2014-070); Securities Exchange Act Release No. 72153 (May 12, 2014), 79 FR 28575 (May 16, 2014) (SR-NASDAQ-2014-045); Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR-NASDAQ-2014-011); see Securities Exchange Act Release No. 82723 (February 15, 2018), 83 FR 7812 (February 22, 2018) (SR-Nasdaq-2018-010).

³⁸ The statutory bases for both the Nasdaq Basic and NLS enterprise licenses are identical. Both are top-of-book products sold to broker-dealers for internal distribution to Professionals. The fee structure and use requirements are currently the same for both, and will continue to be the same under the Proposal. The discussion contained herein therefore applies to both licenses.

²¹ See Securities Exchange Act Release No. 79456 (December 2, 2016), 81 FR 88716 (December 8, 2016) (SR-NASDAQ-2016-162) (noting that the “price of data derived from Nasdaq Basic is constrained by the existence of multiple substitutes offered by numerous entities, including both proprietary data offered by other SROs or other entities, and non-proprietary data disseminated by Securities Information Processors (“SIPs”).”).

²² See Securities Exchange Act Release No. 77578 (April 11, 2016), 81 FR 22344 (April 15, 2016) (SR-NASDAQ-2016-048).

²³ See Securities Exchange Act Release No. 83751 (July 31, 2018), 83 FR 38428 (August 6, 2018) (SR-Nasdaq-2018-058).

²⁴ See Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR-NASDAQ-2014-011).

²⁵ The broker-dealer would save the difference between \$365,000 and \$155,000 (\$210,000), plus an additional \$2,000 for the 1,000 Professional Subscribers over 16,000.

²⁶ The hypothetical current average per-Subscriber monthly charge is estimated as the current fee of \$365,000 plus \$2,000 for the 1,000 Professional Subscribers over 16,000 divided by 17,000 internal Professional Subscribers.

²⁷ The hypothetical per-Subscriber monthly charge for the Proposal is estimated as the flat fee of \$155,000 divided by 17,000 internal Professional Subscribers.

²⁸ See Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR-NASDAQ-2014-011) (explaining that the \$365,000 monthly fee for all internal subscribers, divided by \$26 monthly fee for each internal Subscriber, is equal to 14,038).

²⁹ This estimated cutoff point is calculated as the Proposed license fee of \$155,000 divided by the per-Subscriber rate of \$26 per month.

³⁰ Savings are calculated as follows: 10,000 internal Professional Subscribers multiplied by \$26 per-Subscriber equals \$260,000. The difference between \$260,000 and \$155,000 is \$105,000.

³¹ See Equity 7 Pricing Schedule, Section 147(b)(1).

³² This figure is calculated as the proposed flat fee of \$155,000 divided by 10,000 internal Professional Subscribers.

³³ See Division of Trading and Markets, U.S. Securities and Exchange Commission, “Staff Guidance on SRO Filings Related to Fees (May 21,

The Proposal Is an Equitable Allocation of Reasonable Dues, Fees and Other Charges

As the Commission and courts³⁹ have recognized, “[i]f competitive forces are operative, the self-interest of the exchanges themselves will work powerfully to constrain unreasonable or unfair behavior.”⁴⁰ Accordingly, “the existence of significant competition provides a substantial basis for finding that the terms of an exchange’s fee proposal are equitable, fair, reasonable, and not unreasonably or unfairly discriminatory.”⁴¹

Nasdaq believes that competitive forces constrain the price of top-of-book products on two independent and equally-sufficient grounds: (i) Competition among exchanges and the SIP for top-of-book data; and (ii) competition among trading platforms. The proposed fee change is a direct competitive response to this intense, multi-sided competition. We shall discuss each major aspect of this competition in turn.

Competition Over Top-of-Book Data Sales

Nasdaq competes directly with other exchanges in the sale of top-of-book products, which provide best bid and offer and last sale information for U.S. exchange-listed securities.

Nasdaq Basic and NLS provide choices to broker-dealers and other data consumers by providing less than the quantum of data provided through the consolidated tape feeds, but at a lower price. Thus, these products provide broker-dealers and others with an option to use a lesser amount of data in circumstances where SEC Rule 603(c) does not require a broker-dealer to

provide a consolidated display.⁴² All of the top-of-book proprietary products offered by the exchanges are readily substitutable for each other and, in most cases, with the consolidated information offered by the SIPs.

All major exchange groups compete to sell top-of-book data. Nasdaq Basic provides data derived from liquidity within the Nasdaq market center and trades reported to the FINRA/Nasdaq TRF. The NYSE BQT feed disseminates top-of-book information from the NYSE, NYSE American, NYSE Arca and NYSE National exchanges.⁴³ The Cboe One Summary Feed provides data from the four Cboe equities exchanges: BZX Exchange, BYX Exchange, EDGX Exchange and EDGA Exchange.⁴⁴

Nasdaq, NYSE and Cboe compete on price and quality. Like Nasdaq, both NYSE⁴⁵ and Cboe⁴⁶ offer enterprise licenses for their top-of book feeds. Cboe touts its price in promotional literature,⁴⁷ and reduced its fee for certain top-of-book customers just this year.⁴⁸ All of these top-of-book data feeds, along with consolidated SIP data (outside of the time of execution, in which the use of consolidated SIP data is mandated by the Vendor Display Rule), are substitutes.⁴⁹

⁴² See 17 CFR 242.603(c).

⁴³ See <https://www.nyse.com/market-data/real-time/nyse-bqt>.

⁴⁴ See https://markets.cboe.com/us/equities/market_data_services/#~:text=Cboe%20Top%20is%20a%20real,time%20on%20a%20Cboe%20book.&text=It%20is%20a%20real%20time,time%20on%20a%20Cboe%20book. We note that Cboe recently proposed a fee reduction for top-of-book data as well. See Securities Exchange Act Release No. 86670 (August 14, 2019), 84 FR 43207 (August 20, 2019) (SR-CboeBYX-2019-012).

⁴⁵ See <https://www.nyse.com/market-data/real-time/nyse-bqt>.

⁴⁶ See https://markets.cboe.com/us/equities/market_data_services/cboe_one/.

⁴⁷ See https://markets.cboe.com/us/equities/market_data_services/#~:text=Cboe%20Top%20is%20a%20real,time%20on%20a%20Cboe%20book.&text=It%20is%20a%20real%20time,time%20on%20a%20Cboe%20book (“The Cboe One Feed is 60% less expensive per professional user and more than 85% less expensive for an enterprise license for professional users and non-professional users when compared to a similar competitor exchange product.”).

⁴⁸ See Securities Exchange Act Release No. 88221 (February 14, 2020), 85 FR 9904 (February 20, 2020) (SR-CboeBYX-2020-007) (stating that “the Exchange’s top of book market data products are among the most competitively priced in the industry due to modest subscriber fees, and a lower Enterprise cap . . .”). The filing included a table comparing its pricing to Nasdaq Basic.

⁴⁹ The exchange-based top-of-book feeds are not a full substitute for the consolidated data disseminated by the Securities Information Processors because the Vendor Display Rule prohibits a broker-dealer from “provid[ing], in a context in which a trading or order-routing decision can be implemented, a display of any information with respect to quotations for or transactions in an NMS stock without also providing, in an equivalent

Top-of-book data can be used for many purposes—from a retail investor casually surveying the market to sophisticated market participants using it for a variety of applications, such as investment analysis, risk management, or portfolio valuation.

The value of that data depends on its quality and how well it approximates the NBBO, which is determined by the amount of order flow attracted by the exchange—the more order flow, the more quotes and trades, and the better the exchange data will be able to match the NBBO.

The fact that top-of-book products exist at all shows that they are substitutes for SIP data—it would be far easier for any consumer who requires data from all of the exchanges to purchase SIP data alone rather than consolidate multiple exchange feeds. It has been suggested, however, that market data products are complementary products⁵⁰—i.e., that a consumer who buys one product must buy the other, like a video game and a gaming console, to obtain a more useful product. The evidence, however, shows quite the opposite.⁵¹ If data products were complementary, all customers would be buying all direct feeds, with no substitutes or substitution. In fact, publically available data demonstrates that 45% of alternative trading systems (“ATs”) ⁵² do not buy any direct feeds, but rather use the SIP—some even reject free data. The 18% of ATs that buy some direct feeds decide not to purchase others.⁵³ Exchanges charge less for less valuable data, demonstrating price elasticity, to the point that some broker-dealers will not accept data from smaller exchanges with less order flow (even when that data is offered for no fee) due to the fixed developmental and systems costs incurred by firms to enable them to

manner, a consolidated display for such stock.” Nevertheless, the SIP and exchange products are substitutes for most other use cases, as the exchange products closely follow the SIP.

⁵⁰ See Letter from Ellen Greene, Managing Director, SIFMA, to Vanessa Counterman, Secretary, SEC at 5, n.14 (May 26, 2020), available at <https://www.sec.gov/comments/s7-03-20/s70320-7235189-217109.pdf>.

⁵¹ See Phil Mackintosh, “Dispelling the Complementary Product Theory for Market Data,” (August 20, 2020), available at <https://www.nasdaq.com/articles/dispelling-the-complementary-product-theory-for-market-data-2020-08-20>.

⁵² ATs are venues which are not regulated as exchanges but nevertheless match buy and sell orders for customers.

⁵³ See Phil Mackintosh, “Dispelling the Complementary Product Theory for Market Data,” (August 20, 2020), available at <https://www.nasdaq.com/articles/dispelling-the-complementary-product-theory-for-market-data-2020-08-20>.

³⁹ The decision of the United States Court of Appeals for the District of Columbia Circuit in *NetCoalition v. SEC*, 615 F.3d 525 (D.C. Cir. 2010) upheld the Commission’s reliance upon competitive markets to set reasonable and equitably allocated fees for market data. “In fact, the legislative history indicates that the Congress intended that the market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed and that the SEC wield its regulatory power in those situations where competition may not be sufficient, such as in the creation of a consolidated transactional reporting system.” *NetCoalition I*, at 535 (quoting H.R. Rep. No. 94–229, at 92 (1975), as reprinted in 1975 U.S.C.A.N. 321, 323) (internal quotation marks omitted). The court agreed with the Commission’s conclusion that “Congress intended that competitive forces should dictate the services and practices that constitute the U.S. national market system for trading equity securities.” *Id.* (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74,771 (December 9, 2008) (SR-NYSEArca-2006–21)).

⁴⁰ See Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) (SR-NYSEArca-2006–21).

⁴¹ *Id.*

receive and process data.⁵⁴ Indeed, Nasdaq's own experience with sales of top-of-book feeds underscores their substitutability, as the customers whose feedback has motivated this price change inform Nasdaq that they will drop Nasdaq Basic in favor of a competing product unless a change is made. The top-of-book data feeds sold by the U.S. exchanges are therefore substitutes, and exchanges compete to sell them (as Nasdaq is attempting to do with this proposed fee reduction).

Nasdaq's experience is consistent with findings by the Department of Justice ("DOJ") that exchanges compete with each other for the sale of market data. In 2011, the DOJ analyzed a proposed transaction that would have resulted in a combination of Nasdaq and NYSE and found that it "would have substantially eliminated competition for . . . real-time proprietary equity data products."⁵⁵ Later that same year, in suing to block a possible combination between Deutsche Börse and NYSE Euronext that would have brought Direct Edge within the same exchange group as NYSE, the DOJ cited a threat to competition in the market for real-time equity market data as one of the bases for its action.⁵⁶

Platform Competition

The evidence shows that total returns earned by the Exchange are constrained by competition from other exchanges and trading platforms. Nasdaq competes against other exchanges to attract order flow and trading activity, based on the prices, incentives, product quality, and other attributes that Nasdaq offers to traders. This competition powerfully constrains Nasdaq's competitive behavior, which is manifested through rebates to traders, innovation, and price decreases, among other things. Economic efficiency is therefore fostered by allowing Nasdaq the flexibility to determine its optimal prices across its portfolio of products, including market data, connectivity and trading services. Depending on a variety of factors, including the reasons for the change in market conditions, Nasdaq's

optimal response to such changes can entail price reductions for some products or services, price increases for other products or services, and no price change for still others. Artificial regulatory constraints on Nasdaq's pricing can dampen competition and harm customers by constraining Nasdaq's ability to earn a predictable and reasonable return on its investments in products and technology, thus diminishing the incentive to invest in innovations and product enhancements that will benefit consumers.

The fact that this market is competitive has long been recognized by the courts. As the D.C. Circuit stated in *NetCoalition v. Securities and Exchange Commission*, "[n]o one disputes that competition for order flow is 'fierce.' . . . 'In the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'"⁵⁷ Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.

Market data fees, including connectivity fees and other exchange fees, are constrained by competition among trading platforms. Firms like Nasdaq, NYSE, and Cboe are platform businesses that compete on a variety of interrelated dimensions, including the provision of trading services, market data, and connectivity services. Exchanges owned by these firms compete with each other to provide trading services, and with a variety of alternate trading platforms that host over-the-counter trading. Such over-the-counter trading services are provided by a large number of variegated entities, including "dark pools," multilateral organizations that "pool" the orders of traders and match them internally without displaying quotations.

Guidance issued by Staff of the Commission's Division of Trading and Markets states that an assertion that "an SRO's aggregate return across multiple product lines, such as transactions, market data, connectivity, and access, is constrained by competition at the

platform level is insufficient unless substantiated with evidence demonstrating that the theory applies in fact to the fee at issue."⁵⁸ Thus, Staff appears to be asserting that even if competition between trading platforms constrains the costs incurred by market participants, it is irrelevant unless it can be shown to constrain the particular fee at issue in the filing. As detailed above, the fee at issue in this filing is directly constrained by competition to sell top-of-book products, which is the impetus behind this filing. Moreover, because exchanges compete on the basis of both price and quality, the competition to attract orders to a trading platform is another aspect of the competition to sell top-of-book products, which can exist only as a byproduct of that competition. The quality of a top-of-book product reflects the liquidity of the exchange and time on the inside—i.e., order flow. The more order flow, the more quotes and trades, and the better the exchange data will be able to match the NBBO. However, because these products are substitutes, a customer can readily switch to a different exchange's product, even one of a lower quality, if fees are raised. They can also shift order flow toward a different product, and such increases in order flow in turn have the potential to boost the quality of the competing product that they select.

Nasdaq believes, however, that the narrow focus on the analysis of platform competition reflected in the Staff fee guidance misapprehends the analytical insights offered by that theory: The vast majority of market data consumers also provide the raw materials that are combined by an exchange into market data, and therefore stand on both sides of the platform. As a result, their overall cost of doing business with an exchange platform is a critical dimension on which exchanges compete with one another for those customers' trades, and imposing a governmental constraint on the revenues associated with one aspect of this competition will distort this competition by impairing the ability of exchanges to operate profitably, reducing their incentives to invest in innovations and other product improvements, among other things. Moreover, exchanges compete with one another, in part, based on the mix of products and services they offer, including the various prices and incentives they each offer to customers. Government regulations that artificially

⁵⁴ A broker-dealer may decide not to accept "free" data because there is a cost to accepting such data and integrating it into its trading systems.

⁵⁵ See "NASDAQ OMX Group Inc. and Intercontinental Exchange Inc. Abandon Their Proposed Acquisition of NYSE Euronext After Justice Department Threatens Lawsuit" (May 16, 2011) (available at <https://www.justice.gov/opa/pr/nasdaq-omx-group-inc-and-intercontinentalexchange-inc-abandon-their-proposed-acquisition-nyse>).

⁵⁶ See Complaint, *United States v. Deutsche Börse AG and NYSE Euronext* (Dec. 22, 2011) (available at <https://www.justice.gov/atr/case-document/file/494146/download>).

⁵⁷ See *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782–83 (December 9, 2008) (SR–NYSEArca–2006–21)).

⁵⁸ See Division of Trading and Markets, U.S. Securities and Exchange Commission, "Staff Guidance on SRO Filings Related to Fees" (May 21, 2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>.

constrain exchanges' ability to price their services will diminish competitive variation, reduce customer choice, and lead to anticompetitive effects that harm customers. For all of these reasons, Nasdaq believes that the analysis of the all-in costs of doing business with Nasdaq is highly relevant to an

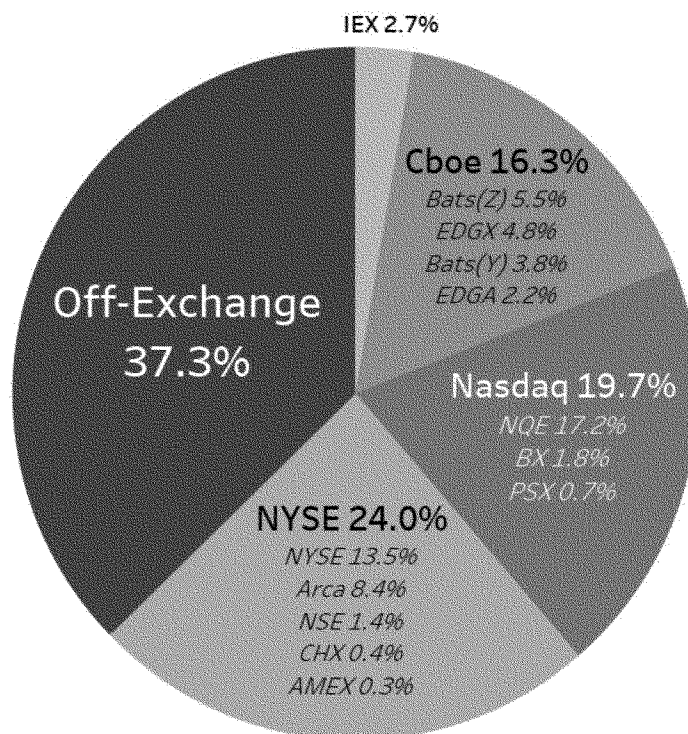
appropriate competitive analysis of the exchange marketplace. That said, Nasdaq believes that evidence of constraint upon the prices of market data in general, and top-of-book products specifically, abounds, as described above and further described below.

Figure 1 presents the trading shares by platform operator at the end of 2019, and shows that no single platform or platform operator accounts for even 25 percent of trading in U.S. equities, and that over-the-counter trading accounts for a larger share of all trades than any platform operator.

Figure 1

Share of Trading in Securities Listed on U.S. National Securities Exchanges

Note: Based on share volume, full-year 2019.



Source: Nasdaq Economic Research

Many customers that purchase trading and other services from an exchange are sensitive to and concerned with the all-in price of trading.⁵⁹ For such customers, what matters to their purchasing decisions is the total outlay relative to the quality of the various services obtained from an exchange, as

compared to rival exchanges. Hence, a customer's willingness to interact with an exchange is sensitive to the all-in price of the various services purchased on that exchange compared to the all-in price available at other exchanges (as well as the relative quality of exchange services). Thus, the price and quality of any service, such as market data, should not be analyzed in isolation (*i.e.*, separate from the price and quality of other services that a customer purchases from the exchange).

Because many customers are sensitive to the all-in price of trading, competition among trading platforms, including dark pools, can be expected to constrain the aggregate return each platform earns from the sale of the array of its products, including market data

and connectivity services.⁶⁰ Thus, for example, if an exchange increases the price of one service, thereby increasing the all-in price, competition from other platforms would be expected to force it to reduce the price (or increase the rebate) of another service (all else equal) to enable it to compete successfully with other trading platforms. Moreover, the low barriers to entry that exist in the market for trading platform services exert a further competitive constraint: This year alone, three new exchange

⁵⁹ See Statement of J. Ordovery and G. Bamberger filed with the U.S. Securities and Exchange Commission, File No. SR-NASDAQ-2010-174, on behalf of NASDAQ Stock Market, (Dec. 30, 2010), ¶ 38 ("Even if a trading platform had some unique information that is potentially valuable to (some) consumers, the total price of trading on that platform—which includes the price of market data available from the platform that the trader elects to purchase—is constrained by the total price of trading on rival platforms."), available at <https://www.sec.gov/rules/sro/nasdaq/2012/34-66724-ex3a.pdf>.

⁶⁰ See Phil Mackintosh, *Who Pays for Price Discovery?* (November 21, 2019), available at <https://www.nasdaq.com/articles/who-pays-for-price-discovery-2019-11-21> (providing an analysis of the all-in cost per trade at Chart 3).

platforms have commenced operations or are expected to do so imminently.⁶¹

A recent study described the inverse relationship between market data and the price of trading services, commenting that “[e]xchanges have [an] incentive to cut their trading fees even below the perfectly competitive (*i.e.*, zero profit) level in order to win market share and increase revenues from market data and co-location [and] connectivity,”⁶² concluding that “regular-hours trading revenues do not nearly cover exchange operating expenses.”⁶³ The study reported that exchange trading fees for high-volume traders are often slightly negative on a per-share per-side basis, which is consistent with exchanges competing intensely with one another based on the total cost of services in order to attract order flow.⁶⁴

The inverse relationship between market data and connectivity services and the all-in price of trading is demonstrated by an examination of trends in Nasdaq’s revenue over an eight-year period. Between 2010 and 2018, Nasdaq revenue from market data

(which includes both exchange data and other market non-exchange data products) increased from \$85.4 million to \$152.3 million, an increase of 78.4 percent in dollar terms, and 54.9 percent in inflation-adjusted terms.⁶⁵ Moreover, the growth in revenues from market data reflects the addition of revenue from the sale of new products, sales to new customers, incremental sales to existing customers, and price increases. Between 2010 and 2018, price increases accounted for only about 35 percent of the total increase in market data revenue. That is, about 65 percent of the increase in market data revenue reflects sales of new products, or increased sales to new and existing customers. Similarly, Nasdaq revenue from connectivity services increased from \$103.2 million in 2010 to \$167.6 million in 2018, an increase of 62.4 percent in dollar terms, and 41.0 percent in inflation-adjusted terms.

As revenue from market data and connectivity services increased, the all-in price of trading on Nasdaq fell. In inflation-adjusted terms, the increase in Nasdaq’s market data and connectivity revenues almost exactly offset the decline in its trading revenues, which fell from \$251.1 million in 2010 to \$189.6 million in 2018, a decline of 24.5 percent in dollar terms; adjusting for inflation, trading revenues fell by 34.4 percent. Nasdaq’s total inflation-

adjusted revenues from market data, connectivity, and trading services were \$506.4 million in 2010 and \$509.5 million in 2018 (in 2018 dollars), an increase of less than one-tenth of one percent per year. Over the same period, trading dollar volume on Nasdaq’s equity exchanges increased by over 50 percent—from about \$30.6 trillion in 2010 to \$47.3 trillion in 2018. As a result, the average all-in cost of trading—that is, total Nasdaq revenues divided by total Nasdaq trading volume—fell by 24.9 percent between 2010 and 2018.⁶⁶ In particular, the all-in cost per \$100,000 of trading volume fell from \$1.44 in 2010 to \$1.08 in 2018.⁶⁷ As shown in Figure 2, despite the growth of market data and connectivity revenue between 2010 and 2018, the all-in cost of trading on Nasdaq’s exchanges (measured per \$100,000 of trading volume) declined substantially between 2010 and 2018.

⁶¹ The three new exchanges are the Long Term Stock Exchange (LTSE), the Members Exchange (MEMX) and the MIAAX Pearl Equities exchange.

⁶² See Eric Budish, et al., *Will the Market Fix the Market? A Theory of Stock Exchange Competition and Innovation*, University of Chicago, Becker Friedman Institute for Economics Working Paper No. 2019–72, at 31 (May 2019), available at <https://ssrn.com/abstract=3391461> (“Budish et al.”).

⁶³ *Id.* at 32.

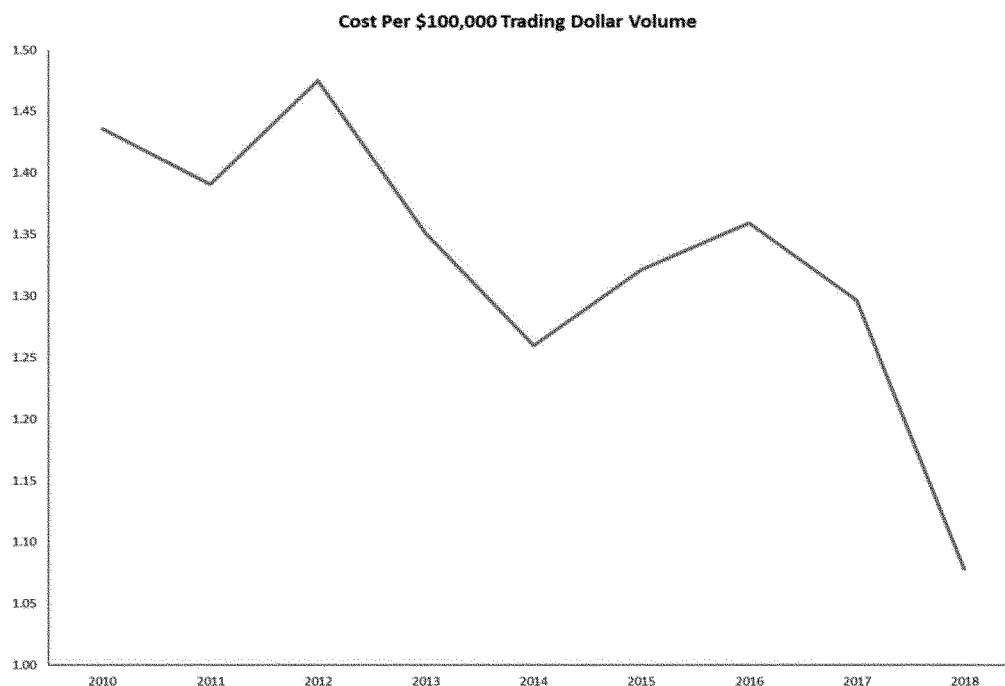
⁶⁴ *Id.* at 34.

⁶⁵ Based on internal Nasdaq data (inflation adjustment based on the All-Items Consumer Price Index).

⁶⁶ The all-in cost of trading relative to trading volume is the relevant metric because, in general, stock purchasers are indifferent to the number of shares they purchase, and thus the all-in cost per share traded is not a relevant “price.” For example, an investor who wants to purchase \$100,000 in stock will generally be indifferent as to whether the purchase represents 1,000 shares at \$100 or 2,000 shares at \$50.

⁶⁷ In 2010, Nasdaq revenue equaled 0.00144 percent of trading volume on the Nasdaq equity exchanges; in 2018, Nasdaq revenue equaled 0.00108 percent of trading volume on the Nasdaq equity exchanges (*i.e.*, a decline of 24.9 percent). To make the figures easier to read, they are reported as cost per \$100,000 of trading volume.

Figure 2



This demonstrates that Nasdaq's revenues are constrained by competition from a variety of exchanges and other trading platforms, and that this competition reduced Nasdaq's all-in cost of trading between 2010 and 2018.

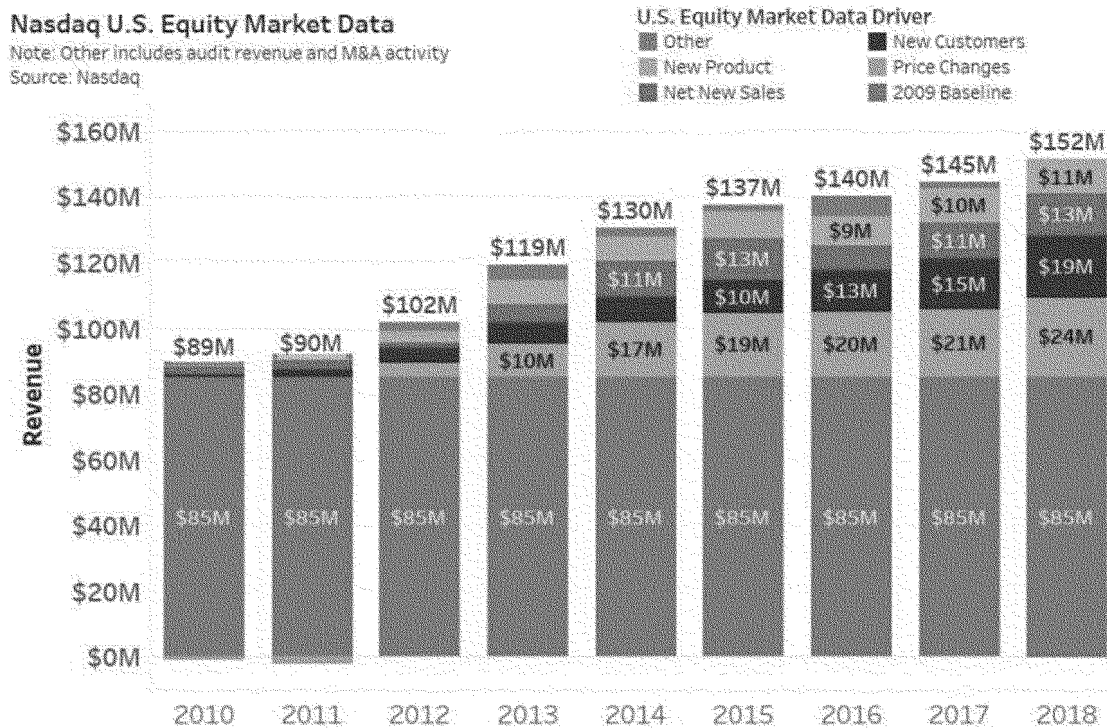
The constraint on price increases imposed by platform competition is also shown through an examination of revenue growth in U.S. equity market data. As shown in Figure 3, approximately two-thirds of this revenue growth reflects new customers,

new products, and new sales to previous customers, not fee increases. Customers who had not purchased additional products or expanded existing services had seen costs increase by a compound annual growth rate ("CAGR") of only 2.4%, not much more than the rate of inflation. Over that same time period, the capacity of Nasdaq's matching engine more than doubled, and latency fell drastically. A greater portion of Nasdaq's success in

increasing revenue is therefore attributable to selling better products to more customers—the cornerstones of competition—rather than increasing fees. Thus, the portion of market data revenues associated with price increases shows an increase in the cost per \$100,000 of trading volume of only 0.631% per year, powerful evidence that platform competition exerts a restraint not only of all-in prices, but also of this specific element of prices.⁶⁸

⁶⁸ We noted above that Nasdaq's total inflation-adjusted revenues from market data, connectivity, and trading services together increased by less than one-tenth of one percent per year. The increase of 0.632% per year pertains only to that portion of market data revenues associated with price increases.

Figure 3



The evidence therefore shows that the trading platforms operated by the securities exchanges compete on the basis of price (as well as innovation and quality of service), and that competition constrains the ability of any platform to charge excessive fees across its platform offerings, including their market data products.

* * * * *

Competition—both competition among trading platforms and in the sale of top-of-book market data products—constrains the price of top-of-book market data, and provides a substantial basis for finding that the terms of an exchange's fee proposal are equitable, fair, reasonable, and not unreasonably or unfairly discriminatory. Competition among platforms constrains the price of market data through the interrelated competition for order flow. The price of top-of-book data is further constrained by direct competition among exchanges to sell top-of-book data, as illustrated by proposals to reduce fees for three of the four top-of-book enterprise licenses in the past several years: (i) The enterprise license for external distribution of Nasdaq Basic;⁶⁹ (ii) the enterprise

license for the external distribution of NLS;⁷⁰ and (iii) the combined enterprise license for distribution of top-of-book and depth-of-book data.⁷¹ Nasdaq is not alone in lowering fees to compete against the other exchanges. Just this year, Cboe proposed a fee reduction for its top-of-book data.⁷² Competition among platforms and competition in the sale of specific market data products provide independent and equally-sufficient grounds for a finding that the price of top-of-book data products are constrained by competition.

The Proposal Does Not Permit Unfair Discrimination

The Proposal is not unfairly discriminatory. As previously noted, the Nasdaq Basic enterprise license subject to this Proposal was shown to be non-discriminatory and otherwise consistent

constrained by the existence of multiple substitutes offered by numerous entities, including both proprietary data offered by other SROs or other entities, and non-proprietary data disseminated by Securities Information Processors ("SIPs").⁷³

⁶⁹ See Securities Exchange Act Release No. 77578 (April 11, 2016), 81 FR 22344 (April 15, 2016) (SR-NASDAQ-2016-048).

⁷⁰ See Securities Exchange Act Release No. 83751 (July 31, 2018), 83 FR 38428 (August 6, 2018) (SR-Nasdaq-2018-058).

⁷¹ See Securities Exchange Act Release No. 86670 (August 14, 2019), 84 FR 43207 (August 20, 2019) (SR-CboeBYX-2019-012).

with the Act over six years ago.⁷³ The only difference between that initial proposal and the change under consideration today is that the new license costs less and more broker-dealers will be able to benefit from the lower prices. Enterprise licenses in general have been widely recognized as an effective and not unfairly discriminatory method of distributing market data. This applies to Nasdaq's enterprise licenses as well as those offered by the NYSE and Cboe exchanges.⁷⁴

The Act does not prohibit all distinctions among customers; only discrimination that is unfair. It is not unfair discrimination to charge those Distributors that are able to reach the largest audiences of retail investors a lower fee for incremental investors in order to encourage the widespread distribution of market data. The instant Proposal, like other enterprise licenses, will cause top-of-book data to become more widely available to investors. It

⁷³ See Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR-NASDAQ-2014-011) (initially adopting the current enterprise license).

⁷⁴ See, e.g., Sections 123(c) and 147(b); Securities Exchange Act Release No. 82182 (November 30, 2017), 82 FR 57627 (December 6, 2017) (SR-NYSE-2017-60) (changing an enterprise fee for NYSE BBO and NYSE Trades).

⁶⁹ See Securities Exchange Act Release No. 79456 (December 2, 2016), 81 FR 88716 (December 8, 2016) (SR-NASDAQ-2016-162) (noting that the "price of data derived from Nasdaq Basic is

will save current enterprise license purchasers the \$210,000 per month difference between the current base fee of \$365,000 and \$155,000, plus \$2 times the number of internal Professional Subscribers over 16,000. Broker-dealers that do not currently purchase the license will nevertheless benefit because the “break even” point—*i.e.*, the point where the average per-Subscriber rate of a licensee falls below per-Subscriber rate of \$26—will fall from 14,038 to 5,962 internal Professional Subscribers.⁷⁵ All purchasers of the proposed license will also be able to save in administrative expenditures by eliminating monthly reporting requirements and periodic review of such reports by compliance staff.

It is of particular importance now to expand the availability of top-of-book data. In recent months, retail investors have become increasingly interested in equities markets. Many of these retail investors will require advice and assistance from equity market professionals, and this license will enable broker-dealers that serve such clients to do so at a lower cost.

Moreover, the proposed enterprise license will be subject to significant competition, and that competition will ensure that there is no unfair discrimination. Each Distributor will be able to accept or reject the license depending on whether it will or will not lower costs for that particular Distributor, and, if the license is not sufficiently competitive, the Exchange may lose market share.

For all of these reasons, the Proposal is not unreasonably discriminatory.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. With respect to inter-market competition—the competition among SROs—the Exchange's ability to price market data products is constrained by (i) competition among exchanges for top-of-book data; and (ii) platform competition. With respect to intra-market competition—the competition among consumers of exchange data—the Exchange expects the Proposal to promote competition through lower-cost data.

Intermarket Competition

As discussed in detail under Statutory Basis, Nasdaq competes with other exchanges in the sale of top-of-book products. Because top-of-book products provide less than the quantum of data provided through the consolidated tape feeds at a lower price, consumers have the option to use a lesser amount of data when SEC Rule 603(c) does not require a broker-dealer to provide a consolidated display.⁷⁶

Market data fees are also constrained by competition among trading platforms, which compete on a variety of dimensions, including the provision of trading services, market data, and connectivity services, and also with a variety of alternate trading platforms that host over-the-counter trading. Because many customers are sensitive to the all-in price of trading, competition among trading platforms, including dark pools, can be expected to constrain the aggregate return each platform earns from the sale of the array of its products, including market data and connectivity services. This can be shown empirically by the inverse relationship between revenue from market data and connectivity services, the fall in the all-in cost of trading over an eight-year period, and other evidence discussed under Statutory Basis.

In order to better compete for this segment of the market, the Exchange is proposing to reduce the cost of top-of-book data by lowering the enterprise license fee for internal Professional Subscribers. The proposed price reduction will not cause any unnecessary or inappropriate burden on intermarket competition, as other exchanges and data vendors are free to lower their prices to better compete with the Exchange's offering. Nasdaq's main competitors, in particular, offer directly competing enterprise licenses for their top-of-book products, and are readily able to lower enterprise license fees in response to Nasdaq. Indeed, the Exchange's decision to lower its enterprise license fee was itself generated by the need to compete with other exchanges. The Proposal may in turn generate competitive responses from other exchanges, enhancing overall competition.

Intramarket Competition

The Proposal will not cause any unnecessary or inappropriate burden on intramarket competition. In fact, it will foster competition among broker-dealers by lowering costs for current licensees, while at the same time increasing the

number of broker-dealers able to purchase that license. The current enterprise license, just like all of the enterprise licenses offered by Nasdaq's competitors, does not itself impose an unnecessary or inappropriate burden on intramarket competition. Relatively smaller broker-dealers have fewer internal Professional Subscribers and therefore operate with lower fixed costs, helping them compete with the larger broker-dealers. Moreover, the underlying fee of \$26 per Professional Subscriber fee has itself been shown not to place an undue burden on competition, and, if that fee proves to be excessive, broker-dealers would be able to purchase top-of-book data from one of the Exchange's competitors offering a substitute product. For all of these reasons, the Proposal will not place any unnecessary or inappropriate burden on intramarket competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.⁷⁷

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2020-065 on the subject line.

⁷⁵ See Securities Exchange Act Release No. 71507 (February 7, 2014), 79 FR 8763 (February 13, 2014) (SR-NASDAQ-2014-011) (explaining that the \$365,000 monthly fee for all internal subscribers, divided by \$26 monthly fee for each internal Subscriber, is equal to 14,038).

⁷⁶ See 17 CFR 242.603(c).

⁷⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–NASDAQ–2020–065. 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–NASDAQ–2020–065 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷⁸

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020–23148 Filed 10–19–20; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90182; File No. SR–FICC–2020–009]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Introduce the Margin Liquidity Adjustment Charge and Include a Bid-Ask Charge in the VaR Charges

October 14, 2020.

On July 30, 2020, Fixed Income Clearing Corporation (“FICC”) 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 proposed rule change SR–FICC–2020–009 to add two new charges to FICC's margin methodologies. ³ On August 13, 2020, FICC filed Amendment No. 1 to the proposed rule change, to make clarifications and corrections to the proposed rule change. ⁴ The proposed rule change, as modified by Amendment No. 1, was published for public comment in the **Federal Register** on August 20, 2020, ⁵ and the Commission received no comments.

On August 27, 2020, FICC filed Amendment No. 2 to the proposed rule change to provide additional data for the Commission to consider in analyzing the proposed rule change. ⁶

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ FICC also filed the proposals contained in the proposed rule change as advance notice SR–FICC–2020–802 with the Commission pursuant to Section 806(e)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”), 12 U.S.C. 5465(e)(1), and Rule 19b–4(n)(1)(i) of the Act, 17 CFR 240.19b–4(n)(1)(i).

⁴ Amendment No. 1 made clarifications and corrections to the description of the proposed rule change and Exhibits 3 and 5 of the filing. On August 13, 2020, FICC filed Amendment No. 1 to the advance notice to make similar clarifications and corrections to the advance notice.

⁵ Securities Exchange Act Release No. 89560 (August 14, 2020), 85 FR 51503 (August 20, 2020) (“Notice”). The advance notice, as modified by Amendment No. 1, was published for public comment in the **Federal Register** on September 4, 2020. Securities Exchange Act Release No. 89718 (September 1, 2020), 85 FR 55341 (September 4, 2020) (File No. SR–FICC–2020–802). The comment period for the advance notice, as modified by Amendment No. 1 closed on September 21, 2020, and the Commission received no comments.

⁶ In Amendment No. 2, FICC updated Exhibit 3 to the proposed rule change to include impact analysis data with respect to the proposed rule change. FICC filed Exhibit 3 as a confidential exhibit to the proposed rule change pursuant to 17 CFR 240.24b–2. On August 27, 2020, FICC filed

The proposed rule change, as modified by Amendment Nos. 1 and 2, is hereinafter referred to as the “Proposed Rule Change.” On October 2, 2020, pursuant to Section 19(b)(2) of the Act, ⁷ the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change. ⁸ The Commission is publishing this notice to solicit comments on Amendment No. 2 from interested persons and, for the reasons discussed below, to approve the Proposed Rule Change on an accelerated basis.

I. Description of the Proposed Rule Change

First, the Proposed Rule Change would revise the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”) and FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules,” and together with the GSD Rules, the “Rules”) ⁹ to introduce the Margin Liquidity Adjustment Charge (“MLA Charge”) as an additional margin component. Second, the Proposed Rule Change would revise the Rules, GSD Methodology Document—GSD Initial Market Risk Margin Model (“GSD QRM Methodology Document”), and MBSD Methodology and Model Operations Document—MBSD Quantitative Risk Model (“MBSD QRM Methodology Document,” and together with the GSD QRM Methodology Document, the “QRM Methodology Documents”) ¹⁰ to add a bid-ask spread risk charge (“Bid-Ask Spread Charge”) to the margin calculations of GSD and MBSD.

A. Background

FICC serves as a central counterparty (“CCP”) and provider of significant clearance and settlement services for cash-settled U.S. Treasury and agency securities and the non-private label

Amendment No. 2 to the advance notice to provide similar additional data for the Commission's consideration. The advance notice, as amended by Amendment Nos. 1 and 2, is hereinafter referred to as the “Advance Notice.” On October 2, 2020, the Commission published notice of filing of Amendment No. 2 and notice of no objection to the Advance Notice. Securities Exchange Act Release No. 90033 (September 28, 2020), 85 FR 62348 (October 2, 2020) (File No. SR–FICC–2020–802).

⁷ 15 U.S.C. 78s(b)(2).

⁸ Securities Exchange Act Release No. 90083 (October 2, 2020), 85 FR 63610 (October 8, 2020).

⁹ Capitalized terms not defined herein are defined in the Rules, available at <https://www.dtcc.com/legal/rules-and-procedures.aspx>.

¹⁰ FICC filed the proposed changes to the QRM Methodology Documents as confidential exhibits to the Advance Notice pursuant to 17 CFR 240.24b–2.

⁷⁸ 17 CFR 200.30–3(a)(12).

mortgage-backed securities markets.¹¹ FICC is comprised of two divisions, GSD and MBSD. GSD provides real-time trade matching, clearing, risk management, and netting for trades in U.S. government debt issues, including repurchase agreements. MBSD provides real-time automated trade matching, trade confirmation, risk management, netting, and electronic pool notification to the mortgage-backed securities market. GSD and MBSD maintain separate Rulebooks, margin methodologies, and members.

In its role as a CCP, a key tool that FICC uses to manage its credit exposure to its respective GSD and MBSD members is by determining and collecting an appropriate Required Fund Deposit (*i.e.*, margin) for each member.¹² The aggregate of all members' Required Fund Deposits constitutes the respective GSD and MBSD Clearing Funds. FICC would access the GSD or MBSD Clearing Fund should a defaulted member's own Required Fund Deposit be insufficient to satisfy losses to FICC caused by the liquidation of that member's portfolio.¹³

Each member's Required Fund Deposit consists of a number of applicable components, which are calculated to address specific risks that the member's portfolio presents to FICC.¹⁴ Generally, the largest component of a member's Required Fund Deposit is the value-at-risk ("VaR") Charge, which is calculated using a risk-based margin methodology that is intended to capture the risks related to the movement of market prices associated with the securities in a member's portfolio.¹⁵ The VaR Charge is designed to calculate the potential losses on a portfolio over a three-day period of risk assumed necessary to liquidate the portfolio, within a 99 percent confidence level.¹⁶

FICC states that it regularly assesses market and liquidity risks as such risks relate to its margin methodologies to evaluate whether margin levels are commensurate with the particular risk attributes of each relevant product,

portfolio, and market.¹⁷ FICC states that the proposed MLA Charge and Bid-Ask Spread Charge are necessary for FICC's margin methodologies to effectively account for risks associated with certain types and attributes of member portfolios.¹⁸

B. Margin Liquidity Adjustment Charge

FICC's current margin methodologies do not account for the risk of a potential increase in market impact costs that FICC could incur when liquidating a defaulted member's portfolio that contains a concentration of large positions, as compared to the overall market, in either (i) a particular security or group of securities sharing a similar risk profile, or (ii) in a particular transaction type¹⁹ (*e.g.*, mortgage pool transactions). In a member default, liquidating such large positions within a potentially compressed timeframe²⁰ (*e.g.*, in a fire sale) could have an impact on the underlying market, resulting in price moves that increases FICC's risk of incurring additional liquidation costs. Therefore, FICC designed the MLA Charge to address this specific risk.²¹

The MLA Charge would be based on comparing the market value of member portfolio positions in specified asset groups²² to the available trading volume of those asset groups in the market. If the market value of a member's positions in a certain asset group is large in comparison to the available trading volume of that asset group,²³ then it is more likely that FICC would have to manage reduced

marketability and increased liquidation costs for those positions during a member default scenario. Specifically, FICC's margin methodologies assume for each asset group that a certain share of the market can be liquidated without price impact.²⁴ Aggregate positions in an asset group which exceed this share are generally considered as large and would therefore incur application of the MLA Charge to anticipate and address those increased costs.

To determine the market impact cost for each portfolio position in certain asset groups (*i.e.*, Treasuries maturing in less than one year and TIPS for GSD, and in the mortgage-backed securities asset group for MBSD), FICC would use the directional market impact cost, which is a function of the position's net directional market value.²⁵ To determine the market impact cost for all other positions in a portfolio, FICC would add together two components: (1) The directional market impact cost, as described above, and (2) the basis cost, which is based on the position's gross market value.²⁶ FICC states that the calculation of market impact cost for positions in Treasuries maturing in less than one year, TIPS for GSD, and in the mortgage-backed securities asset group for MBSD would not include basis cost because basis risk is negligible for these types of positions.²⁷ For all asset groups, when determining the market impact costs, the net directional market value and the gross market value of the positions would be divided by the average daily volumes of the securities in each asset group over a lookback period.²⁸

FICC would then compare the calculated market impact cost to a portion of the VaR Charge that is allocated to positions in each asset group.²⁹ If the ratio of the calculated

¹⁷ See Notice, *supra* note 5 at 51504.

¹⁸ See *id.*

¹⁹ See *id.*

²⁰ FICC's risk models assume the liquidation occurs over a period of three business days. See Notice, *supra* note 5 at 51504–05.

²¹ See Notice, *supra* note 5 at 51504–07.

²² For GSD, the asset groups would include the following, each of which share similar risk profiles: (a) U.S. Treasury securities, which would be further categorized by maturity—those maturing in (i) less than one year, (ii) equal to or more than one year and less than two years, (iii) equal to or more than two years and less than five years, (iv) equal to or more than five years and less than ten years, and (v) equal to or more than ten years; (b) Treasury-Inflation Protected Securities ("TIPS"), which would be further categorized by maturity—those maturing in (i) less than two years, (ii) equal to or more than two years and less than six years, (iii) equal to or more than six years and less than eleven years, and (iv) equal to or more than eleven years; (c) U.S. agency bonds; and (d) mortgage pools transactions.

For MBSD, to-be-announced ("TBA") transactions, Specified Pool Trades and Stipulated Trades would be included in one mortgage-backed securities asset group. Notice, *supra* note 5 at 51505.

²³ FICC determines average daily trading volume by reviewing publicly available data from the Securities Industry and Financial Markets Association ("SIFMA"), at <https://www.sifma.org/resources/archive/research/statistics>.

²⁴ FICC would establish the particular share for each asset group or subgroup based on empirical research which includes the simulation of asset liquidation over different time horizons. See Notice, *supra* note 5 at 51504–05.

²⁵ The net directional market value of an asset group within a portfolio is calculated as the absolute difference between the market value of the long positions in that asset group, and the market value of the short positions in that asset group. For example, if the market value of the long positions is \$100,000, and the market value of the short positions is \$150,000, the net directional market value of the asset group is \$50,000. See Notice, *supra* note 5 at 51505.

²⁶ To determine the gross market value of the positions in each asset group, FICC would sum the absolute value of each CUSIP in the asset group. See *id.*

²⁷ See *id.*

²⁸ *Supra* note 23; see Notice, *supra* note 5 at 51505.

²⁹ As noted earlier, FICC's margin methodologies use a three-day assumed period of risk. For

Continued

¹¹ See Securities Exchange Act Release No. 69838 (June 24, 2013), 78 FR 39027 (June 28, 2013).

¹² See GSD Rule 4 (Clearing Fund and Loss Allocation) and MBSD Rule 4 (Clearing Fund and Loss Allocation), *supra* note 9.

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See GSD Rule 1 (Definitions), MBSD Rule 1 (Definitions), GSD Rule 4 (Clearing Fund and Loss Allocation), and MBSD Rule 4 (Clearing Fund and Loss Allocation), *supra* note 9.

¹⁶ See Notice, *supra* note 5 at 51504. Unregistered Investment Pool Clearing Members are subject to a VaR Charge with a minimum target confidence level assumption of 99.5 percent. See MBSD Rule 4, Section 2(c), *supra* note 9.

market impact cost to the one-day VaR Charge is greater than a determined threshold, an MLA Charge, as described below, would be applied to that asset group. Correspondingly, if the ratio of these two amounts is equal to or less than this threshold, an MLA Charge would not be applied to that asset group. The threshold would be based on an estimate of the market impact cost that is incorporated into the calculation of the one-day VaR charge.³⁰

When applicable, an MLA Charge would be calculated as a proportion of the product of (1) the amount by which the ratio of the calculated market impact cost to a portion of the VaR Charge allocated to that position exceeds the threshold, and (2) a portion of the VaR Charge allocated to that asset group. For each portfolio, FICC would total the MLA Charges for the positions in each asset group to determine a total MLA Charge for the member. On a daily basis, FICC would calculate the final MLA Charge for each member (if applicable), to be included as a component of each member's Required Fund Deposit.

In certain circumstances, FICC may be able to partially mitigate the risks that the MLA Charge is designed to address by extending the time period for liquidating a defaulted member's portfolio beyond the three day period. Accordingly, the Proposed Rule Change also describes a method that FICC would use to reduce a member's total MLA Charge when the volatility charge component of the member's margin increases beyond a specified point. Specifically, FICC would reduce the member's MLA Charge where the market impact cost of a particular portfolio, calculated as part of determining the MLA Charge, would be large relative to the one-day volatility charge for that portfolio (*i.e.*, a portion of the three-day assumed margin period of risk). When the ratio of calculated market impact cost to the one-day volatility charge is lower, FICC would

not adjust the MLA Charge. However, as the ratio gets higher, FICC would reduce the MLA Charge. FICC designed this reduction mechanism to avoid assessing unnecessarily large MLA Charges.³¹

MLA Excess Amount for GSD Sponsored Members³²

For GSD, the calculation of the MLA Charge for a Sponsored Member that clears through a single account sponsored by a Sponsoring Member would be the same as described above. For a GSD Sponsored Member that clears through multiple accounts sponsored by multiple Sponsoring Members, in addition to calculating an MLA Charge for each account (as described above), FICC would also calculate an MLA Charge for the Sponsored Member's consolidated portfolio.

If the MLA Charge of the consolidated portfolio is not higher than the sum of all MLA Charges for each account of the Sponsored Member, then the Sponsored Member would only be charged an MLA Charge for each sponsored account, as applicable. However, if the MLA Charge of the consolidated portfolio is higher than the sum of all MLA Charges for each account of the Sponsored Member, the Sponsored Member would be charged the amount of such difference (referred to as the "MLA Excess Amount"), in addition to the applicable MLA Charge.

The MLA Excess Amount is designed to capture the additional market impact cost that could be incurred when a Sponsored Member defaults, and each of the Sponsoring Members liquidates positions associated with that defaulted Sponsored Member. If large positions in the same asset group are being liquidated by multiple Sponsoring Members, the market impact cost to liquidate those positions could increase. The MLA Excess Amount would address this additional market impact cost by capturing any difference between the calculations of the MLA Charge for each sponsored account and for the consolidated portfolio.

C. Bid-Ask Spread Charge

The bid-ask spread refers to the difference between the observed market price that a buyer is willing to pay for a security and the observed market price at which a seller is willing to sell that security. FICC faces the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. However, FICC's current margin methodologies do not account for this risk of potential bid-ask spread transaction costs to FICC in connection with liquidating a defaulted member's portfolio. Therefore, FICC designed the Bid-Ask Spread Charge to address this deficiency in its current margin methodologies.

The Bid-Ask Spread Charge would be haircut-based and tailored to different groups of assets that share similar bid-ask spread characteristics.³³ FICC would assign each asset group a specified bid-ask spread haircut rate (measured in basis points ("bps")) that would be applied to the gross market value of the portfolio's positions in that particular asset group. FICC would calculate the product of the gross market value of the portfolio's positions in a particular asset group and the applicable basis point charge to obtain the bid-ask spread risk charge for these positions. FICC would total the applicable bid-ask spread risk charges for each asset class in a member's portfolio to calculate the member's total Bid-Ask Spread Charge.

FICC determined the proposed initial haircut rates on an analysis of bid-ask spread transaction costs using (1) the results of FICC's annual member default simulation and (2) market data sourced from a third-party data vendor. FICC's proposed initial haircut rates are listed in the table below:

Asset group	Haircut (bps)
MBS	0.8
TIPS	2.1
U.S. Agency Bonds	3.8
U.S. Treasuries (maturing <5 years)	0.6

purposes of this calculation, FICC would use a portion of the VaR Charge that is based on a one-day assumed period of risk (the "one-day VaR Charge"). Any changes to what FICC determines would be the appropriate portion of the VaR Charge would be subject to FICC's model risk management governance procedures set forth in the Clearing Agency Model Risk Management Framework ("Model Risk Management Framework"). See Securities Exchange Act Release Nos. 81485 (August 25, 2017), 82 FR 41433 (August 31, 2017) (File No. SR-FICC-2017-014); 84458 (October 19, 2018), 83 FR 53925 (October 25, 2018) (File No. SR-FICC-2018-010); 88911 (May 20, 2020), 85 FR 31828 (May 27, 2020) (File No. SR-FICC-2020-004).

³⁰ FICC states that it would review the method for calculating the thresholds from time to time, and any changes would be subject to FICC's model risk management governance procedures set forth in the Model Risk Management Framework. See *id.*

³¹ See Notice, *supra* note 5 at 51505.

³² See GSD Rule 3A, *supra* note 9. Sponsored Membership at GSD is a program that allows well-capitalized members to sponsor their eligible clients into GSD membership. Sponsored membership at GSD offers eligible clients the ability to lend cash or eligible collateral via FICC-cleared delivery-versus-payment sale and repurchase transactions. Sponsoring Members facilitate their clients' GSD trading activity and act as processing agents on their behalf for all operational functions including trade submission and settlement with FICC. A Sponsored Member may be sponsored by one or more Sponsoring Members.

³³ For GSD, the asset groups would include the following, each of which share similar bid-ask spread risk profiles: (a) Mortgage pools ("MBS"); (b) TIPS; (c) U.S. agency bonds; and (d) U.S. Treasury securities, which would be further segmented into separate classes based on maturities as follows: (i) Less than five years, (ii) equal to or more than five years and less than ten years, and (iii) equal to or more than ten years. Only the MBS asset group is applicable to MBS member portfolios.

FICC would exclude Option Contracts in to-be-announced ("TBA") transactions from the Bid-Ask Spread Charge because, FICC states that in the event of a member default, FICC would liquidate any Option Contracts in TBAs in a member's portfolio at the intrinsic value of the Option Contract and, therefore, does not face a transaction cost related to the bid-ask spread. Notice, *supra* note 5 at 51506.

Asset group	Haircut (bps)
U.S. Treasuries (maturing 5–10 years)	0.7
U.S. Treasuries (maturing 10+ years)	0.7

FICC proposes to review the haircut rates annually. Based on analyses of recent years' simulation exercises, FICC does not anticipate that these haircut rates would change significantly year over year. FICC may also adjust the haircut rates following its annual model validation review, to the extent the results of that review indicate the current haircut rates are not adequate to address the risk presented by transaction costs from a bid-ask spread.³⁴

Finally, FICC would make technical changes to the QRM Methodology Documents to re-number the sections and tables, and update certain section titles, as necessary to incorporate the MLA Charge and Bid-Ask Spread Charge into those documents.

D. Description of Amendment No. 2

In Amendment No. 2, FICC updated Exhibit 3 to the Proposed Rule Change to include impact analysis data with respect to the Proposed Rule Change. Specifically, Amendment No. 2 includes impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Charges for each member, by both percentage and amount. FICC filed Exhibit 3 as a confidential exhibit to the Proposed Rule Change pursuant to 17 CFR 240.24b–2.

II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act³⁵ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. After careful consideration, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to FICC. In particular, the Commission finds that the Proposed Rule Change is consistent with Sections 17A(b)(3)(F)³⁶ of the Act

and Rules 17Ad–22(e)(4) and (e)(6) thereunder.³⁷

A. Consistency With Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency, such as FICC, be designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.³⁸ The Commission believes that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act.

First, as described above in Section I.A and B, FICC's current margin methodologies do not account for the potential increase in market impact costs that FICC could incur when liquidating a defaulted member's portfolio where the portfolio contains a concentration of large positions in a particular security or group of securities sharing a similar risk profile. In addition, as described above in Section I.C, FICC's margin methodologies do not account for the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. FICC proposes to address these risks by adding the MLA Charge and Bid-Ask Spread Charge, respectively, to its margin methodologies.³⁹

FICC designed the MLA Charge and Bid-Ask Spread Charge to ensure that FICC collects margin amounts sufficient to manage FICC's risk of incurring costs associated with liquidating defaulted member portfolios. Based on its review of the Proposed Rule Change, including confidential Exhibit 3 thereto,⁴⁰ the Commission understands that the proposed MLA Charge and Bid-Ask Spread Charge would generally provide FICC with additional resources to

manage potential losses arising out of a member default. As discussed above, FICC designed the MLA Charge and Bid-Ask Spread Charge, respectively, to reflect two distinct and specific risks presented to FICC: (1) The risk associated with liquidating a defaulted member's portfolio that holds concentrated positions in securities sharing similar risk profiles; as well as (2) the risks associated with the bid-ask spread costs relevant to the securities in the defaulted member's portfolio. As a result, any margin increases that result from the MLA and the Bid-Ask Spread Charges are limited to address those respective risks. This targeted increase in available financial resources should decrease the likelihood that losses arising out of a member default stemming from the liquidation of concentrated positions or bid-ask spreads would cause FICC to exhaust its financial resources and threaten the operation of its critical clearance and settlement services. Accordingly, the Commission believes that the Proposed Rule Change should help FICC to continue providing prompt and accurate clearance and settlement of securities transactions in the event of a member default.

Second, as discussed above, in a member default scenario, FICC would access its Clearing Fund should the defaulted member's own Required Fund Deposit be insufficient to satisfy losses to FICC caused by the liquidation of that member's portfolio. FICC proposes to add the MLA Charge and Bid-Ask Spread Charge to its margin methodologies to augment its ability to manage the potential costs of liquidating a defaulted member's portfolio by collecting additional margin to cover such costs. This, in turn, could reduce the possibility that FICC would need to mutualize among the non-defaulting members a loss arising out of the close-out process. Reducing the potential for loss mutualization could, in turn, reduce the potential knock-on effects to non-defaulting members, their customers, and FICC arising out of a member default. Accordingly, the Commission believes the Proposed Rule Change would promote the safeguarding of securities and funds which are in the custody or control of FICC or for which FICC is responsible, consistent with Section 17A(b)(3)(F) of the Act.

The Commission believes that the Proposed Rule Change should help protect investors and the public interest by mitigating some of the risks presented by FICC as a CCP. Because a defaulting member could place stresses on FICC with respect to FICC's ability to meet its clearance and settlement

³⁴ All proposed changes to the haircuts would be subject to FICC's model risk management governance procedures set forth in the Model Risk Management Framework. See *supra* note 29.

³⁵ 15 U.S.C. 78s(b)(2)(C).

³⁶ 15 U.S.C. 78q–1(b)(3)(F).

³⁷ 17 CFR 240.17Ad–22(e)(4) and (e)(6).

³⁸ 15 U.S.C. 78q–1(b)(3)(F).

³⁹ The Commission notes that the other clearing agencies it regulates have charges to account for these types of risks in their margin methodologies, and that addressing these types of risks has received a great deal of industry focus in recent years.

⁴⁰ Specifically, the confidential Exhibit 3 submitted by FICC includes, among other things, impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Spread Charges for each member, by both percentage and amount, a detailed methodology describing the calculation of the MLA and Bid-Ask Spread Charges, and information regarding how FICC determined the appropriate methodology.

obligations upon which the broader financial system relies, it is important that FICC has strong margin methodologies to limit FICC's credit risk exposure in the event of a member default. As described above, the Proposed Rule Change would add two charges specifically designed to address risks that are not currently addressed in FICC's margin methodologies related to: (1) The potential costs that FICC may incur when liquidating a portfolio that is concentrated in a particular security or group of securities with a similar risk profile, and (2) the potential costs that FICC may incur to cover the bid-ask spread when liquidating a portfolio. These changes should help ensure that FICC collects sufficient margin that is more commensurate with the risks associated with the potential concentration and bid-ask spread liquidation costs identified above, and thus more effectively cover its credit exposures to its members. By collecting margin that more accurately reflects the risk characteristics of such portfolios and the bid-ask spreads of securities they contain (*i.e.*, the potential associated costs of liquidating such portfolios), FICC would be in a better position to absorb and contain the spread of any losses that might arise from a member default. Therefore, the Proposed Rule Change is designed to reduce the possibility that FICC would need to call for additional resources from non-defaulting members due to a member default, which could inhibit the ability of these non-defaulting members to facilitate securities transactions. Accordingly, the Commission believes that the proposal is designed to protect investors and the public interest by mitigating some of the risks presented by FICC as a CCP.⁴¹

In addition, similar to other clearing agencies, FICC provides a number of services that mitigate risk, reduce costs, and enhance processing efficiencies for the securities markets, market participants, issuers (including small issuers), and investors. By reducing FICC's risk exposure to its members and thus the likelihood of its failure, the Proposed Rule Change would help ensure that FICC would continue to provide such services, which would benefit securities markets, market participants, issuers (including small issuers), and investors. As a result, FICC

should be more resilient so that it can satisfy its obligations as a CCP, which facilitates the protection of investors by helping to ensure that investors receive the proceeds from their securities transactions. Therefore, the Commission believes that, in light of the potential benefits to investors arising from the Proposed Rule Change and the overall improved risk management at FICC, the Proposed Rule Change is designed to protect investors and the public interest, consistent with Section 17A(b)(3)(F) of the Act.

B. Consistency With Rule 17Ad-22(e)(4)(i)

Rule 17Ad-22(e)(4)(i) requires that FICC 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 sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.⁴²

As described above in Section I.A and B, FICC's current margin methodologies do not account for the risk of a potential increase in market impact costs that FICC could incur when liquidating a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. Additionally, as described above, FICC's current margin methodologies do not account for the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. FICC proposes to address such risks by adding the MLA Charge and Bid-Ask Spread Charge to its margin methodologies. Adding these margin charges to FICC's margin methodologies should better enable FICC to collect margin amounts commensurate with the risk attributes of a broader range of its members' portfolios than FICC's current margin methodologies. Specifically, the MLA Charge should better enable FICC to manage the risk of increased costs to FICC associated with the decreased marketability of a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. Additionally, since FICC's current margin methodologies do not account for bid-ask spread transaction costs associated with liquidating a defaulted member's portfolio, the Bid-Ask Spread Charge should enable FICC to manage such risks and costs.

The Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to FICC's margin methodologies should enable FICC to more effectively identify, measure, monitor, and manage its credit exposures in connection with liquidating a defaulted member's portfolio that may give rise to (1) decreased marketability due to large positions of securities sharing similar risk profiles, and (2) bid-ask spread transaction costs. Accordingly, the Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to FICC's margin methodologies would be consistent with Rule 17Ad-22(e)(4)(i) because these new margin charges should better enable FICC to maintain sufficient financial resources to cover FICC's credit exposure to its members fully with a high degree of confidence.⁴³

C. Consistency With Rules 17Ad-22(e)(6)

Rule 17Ad-22(e)(6)(i) requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.⁴⁴ Rule 17Ad-22(e)(6)(v) requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, uses an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products.⁴⁵

As described above in Section I.A and B, FICC's current margin methodologies do not account for the potential increase in market impact costs when liquidating a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. FICC proposes to address this risk by adding the MLA Charge to its margin methodologies. To avoid excessive MLA Charges and ensure margin requirements are commensurate with the relevant risks, FICC also contemplates reducing a member's MLA Charge when FICC could otherwise partially mitigate the relevant risks by extending the time period for liquidating a defaulted member's portfolio beyond the three day period.

⁴¹ See Securities Exchange Act Release No. 78961 (September 28, 2016), 81 FR 70786, 70849 (October 13, 2016) ("While central clearing generally benefits the markets in which it is available, clearing agencies can pose substantial risk to the financial system as a whole, due in part to the fact that central clearing concentrates risk in the clearing agency.").

⁴² 17 CFR 240.17Ad-22(e)(4)(i).

⁴³ *Id.*

⁴⁴ 17 CFR 240.17Ad-22(e)(6)(i).

⁴⁵ 17 CFR 240.17Ad-22(e)(6)(v).

Additionally, as described above in Section I.C, FICC's current margin methodologies do not account for the risk of incurring bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. FICC proposes to address this risk by adding the Bid-Ask Spread Charge to its margin methodologies. Adding the MLA Charge and Bid-Ask Spread Charge to FICC's margin methodologies should better enable FICC to collect margin amounts commensurate with the risk attributes of its members' portfolios than FICC's current margin methodologies. Specifically, the MLA Charge should better enable FICC to manage the risk of increased costs to FICC associated with the decreased marketability of a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. Moreover, the proposal to reduce the MLA Charge when FICC could otherwise partially mitigate the relevant risks demonstrates how the proposal provides an appropriate method for measuring credit exposure, in that it seeks to take into account the particular circumstances related to a particular portfolio when determining the MLA Charge. Additionally, since FICC's current margin methodologies do not account for bid-ask spread transaction costs associated with liquidating a defaulted member's portfolio, the Bid-Ask Spread Charge should enable FICC to manage such risks.

Accordingly, the Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to FICC's margin methodologies would be consistent with Rules 17Ad-22(e)(6)(i) and (v) because these new margin charges should better enable FICC to establish a risk-based margin system that (1) considers and produces relevant margin levels commensurate with the risks associated with liquidating member portfolios in a default scenario, including decreased marketability of a portfolio's securities due to large positions in securities sharing similar risk profiles and bid-ask transaction costs, and (2) uses an appropriate method for measuring credit exposure that accounts for such risk factors and portfolio effects.⁴⁶

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

Send an email to rule-comments@sec.gov. Please include File Number SR-FICC-2020-009 on the subject line.

Paper Comments

Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2020-009. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<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 such filings will also be available for inspection and copying at the principal office of FICC and FICC's website at <https://www.dtcc.com/legal>.

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-FICC-2020-009 and should be submitted on or before November 10, 2020.

IV. Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,⁴⁷ to approve the Proposed Rule Change, as modified by Amendment Nos. 1 and 2, prior to the thirtieth day after the date of publication of Amendment No. 2 in the **Federal**

Register. As noted above, in Amendment No. 2, FICC updated the confidential Exhibit 3 to the Proposed Rule Change to include impact analysis data with respect to the Proposed Rule Change. Specifically, Amendment No. 2 includes impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Charges for each member, by both percentage and amount. The Commission believes that the member-level data in Amendment No. 2 warrants confidential treatment. Amendment No. 2 neither modifies the Proposed Rule Change as originally published in any substantive manner, nor does Amendment No. 2 affect any rights or obligations of FICC or its members. Instead, Amendment No. 2 provides the Commission with information necessary to evaluate whether the Proposed Rule Change is consistent with the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,⁴⁸ to approve the Proposed Rule Change, as modified by Amendment Nos. 1 and 2, prior to the thirtieth day after the date of publication of notice of Amendment No. 2 in the **Federal Register**.

V. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change, as modified by Amendment Nos. 1 and 2, is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁴⁹ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act⁵⁰ that Proposed Rule Change SR-FICC-2020-009, as modified by Amendment Nos. 1 and 2, be, and hereby is, *approved* on an accelerated basis.⁵¹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵²

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020-23147 Filed 10-19-20; 8:45 am]

BILLING CODE 8011-01-P

⁴⁸ *Id.*

⁴⁹ 15 U.S.C. 78q-1.

⁵⁰ 15 U.S.C. 78s(b)(2).

⁵¹ In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵² 17 CFR 200.30-3(a)(12).

⁴⁶ 17 CFR 240.17Ad-22(e)(6)(i) and (v).

⁴⁷ 15 U.S.C. 78s(b)(2)(C)(iii).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90184; File No. SR–EMERALD–2020–12]

Self-Regulatory Organizations; MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Adopt Port Fees and Increase Certain Network Connectivity Fees

October 14, 2020.

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 October 1, 2020, MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”), filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Emerald Fee Schedule (the “Fee Schedule”).

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/emerald>, at MIAX’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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The

Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to: (1) Adopt Port fees; and (2) increase the Exchange’s network connectivity fees for its 10 gigabit (“Gb”) ultra-low latency (“ULL”) fiber connection for Members³ and non-Members (collectively, the “Proposed Access Fees”). On September 15, 2020, the Exchange issued a Regulatory Circular which announced, among other things, that the Exchange would adopt Port fees, thereby terminating the Waiver Period⁴ for such fees, and increase the fees for its 10Gb ULL connection for Members and non-Members, beginning October 1, 2020.⁵

Port Fees

The Exchange proposes to adopt fees for “Ports”, which are used by Members and non-Members to access the Exchange. MIAX Emerald provides four Port types: (i) The FIX Port, which allows Members to electronically send orders in all products traded on the Exchange; (ii) the MEI Port, which allows Market Makers to submit electronic orders and quotes to the Exchange; (iii) the Clearing Trade Drop Port (“CTD Port”),⁶ which provides real-time trade clearing information to the participants to a trade on MIAX Emerald and to the participants’ respective clearing firms; and (iv) the FIX Drop Copy (“FXD Port”),⁷ which provides a copy of real-time trade execution, correction and cancellation information through a FIX Port to any number of FIX Ports designated by an EEM to receive such messages. The Exchange also proposes to increase the monthly fee for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2)

Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports, as described below.

Since the launch of the Exchange, all Port fees have been waived by the Exchange in order to incentivize market participants to connect to the Exchange, except for additional Limited Service MEI Ports. However, also at the launch, the Exchange introduced the structure of Port fees on its Fee Schedule (without proposing the actual fee amounts), in order to indicate to market participants that Port fees would ultimately apply upon expiration of the Waiver Period. The Exchange now proposes to assess monthly Port fees for Members and non-Members in each month the market participant is credentialed to use a Port in the production environment and based upon the number of credentialed Ports that a user is entitled to use. MIAX Emerald has Primary and Secondary Facilities and a Disaster Recovery Facility. Each type of Port provides access to all Exchange facilities for a single fee. The Exchange notes that, unless otherwise specifically set forth in the Fee Schedule, the Port fees include the information communicated through the Port. That is, unless otherwise specifically set forth in the Fee Schedule, there is no additional charge for the information that is communicated through the Port apart from what the user is assessed for each Port.

FIX Port Fees

Since the launch of the Exchange, fees for FIX Ports have been waived for the Waiver Period. The Exchange now proposes to assess a monthly FIX Port fee to Members in each month the Member is credentialed to use a FIX Port in the production environment and based upon the number of credentialed FIX Ports, as follows: \$550 for the first FIX Port; \$350 for FIX Ports two through five; and \$150 for each FIX Port over five.

Below is the proposed table showing the FIX Port fees:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁴ “Waiver Period” means, for each applicable fee, the period of time from the initial effective date of the MIAX Emerald Fee Schedule until such time that the Exchange has an effective fee filing establishing the applicable fee. The Exchange will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and

effective date of any such applicable fee. See the Definitions Section of the Fee Schedule.

⁵ See MIAX Emerald Regulatory Circular 2020–41 available at https://www.miaxoptions.com/sites/default/files/circular-files/MIAX_Emerald_RC_2020_41.pdf.

⁶ “CTD Port” or “Clearing Trade Drop Port” provides an Exchange Member with a real-time clearing trade updates. The updates include the Member’s clearing trade messages on a low latency, real-time basis. The trade messages are routed to a Member’s connection containing certain information. The information includes, among other things, the following: (i) Trade date and time; (ii) symbol information; (iii) trade price/size information; (iv) Member type (for example, and

without limitation, Market Maker, Electronic Exchange Member, Broker-Dealer); and (v) Exchange MPID for each side of the transaction, including Clearing Member MPID. See the Definitions Section of the Fee Schedule.

⁷ The FIX Drop Copy (“FXD”) Port is a messaging interface that will provide a copy of real-time trade execution, trade correction and trade cancellation information to FXD Port users who subscribe to the service. FXD Port users are those users who are designated by an EEM to receive the information and the information is restricted for use by the EEM. FXD Port Fees will be assessed in any month the Member is credentialed to use the FXD Port in the production environment. See Fee Schedule, Section 4)d)iv).

FIX Port fees	MIAX Emerald monthly port fees (includes connectivity to the Primary, Secondary and Disaster Recovery data centers)
1st FIX Port	\$550.00
FIX Ports 2 through 5	350.00
Additional FIX Ports over 5	150.00

MEI Port Fees

MIAX Emerald offers different options of MEI Ports depending on the services required by Market Makers. Since the launch of the Exchange, fees for MEI Ports have been waived for the Waiver Period. The Exchange now proposes to assess monthly MEI Port Fees to Market Makers based upon the number of classes or class volume accessed by the Market Maker. Market Makers are allocated two (2) Full Service MEI Ports⁸ and two (2) Limited Service MEI Ports⁹ per Matching Engine¹⁰ to which they connect. The Full Service MEI Ports, Limited Service MEI Ports and the additional Limited Service MEI Ports all include access to the Exchange's Primary and Secondary data centers and its Disaster Recovery center.

Specifically, the Exchange proposes to adopt MEI Port fees assessable to Market Makers based upon the number of classes or class volume accessed by the Market Maker. The Exchange proposes to adopt the following MEI Port fees: (i) \$5,000 for Market Maker Assignments in up to 5 option classes or up to 10% of option classes by volume; (ii) \$10,000 for Market Maker Assignments in up to 10 option classes or up to 20% of option

classes by volume; (iii) \$14,000 for Market Maker Assignments in up to 40 option classes or up to 35% of option classes by volume; (iv) \$17,500 for Market Maker Assignments in up to 100 option classes or up to 50% of option classes by volume; and (v) \$20,500 for Market Maker Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX Emerald.

The Exchange also proposes to adopt new footnote "■" for its MEI Port fees that will apply to the Market Makers who fall within the following MEI Port fee levels, which represent the 4th and 5th levels of the fee table: Market Makers who have (i) Assignments in up to 100 option classes or up to 50% of option classes by volume and (ii) Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX Emerald. Specifically, the Exchange proposes for these monthly MEI Port tier levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.025% of the total monthly executed volume reported by OCC in the customer account type for MIAX Emerald-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level.

The purpose of this proposed lower monthly MEI Port fee is to provide a lower fixed cost to those Market Makers who are willing to quote the entire Exchange market (or substantial amount of the Exchange market), as objectively measured by either number of classes assigned or national ADV, but who do not otherwise execute a significant amount of volume on the Exchange. The Exchange believes that, by offering lower fixed costs to Market Makers that execute less volume, the Exchange will retain and attract smaller-scale Market Makers, which are an integral component of the option industry marketplace, but have been decreasing in number in recent years, due to industry consolidation and lower market maker profitability. Since these smaller-scale Market Makers utilize less Exchange capacity due to lower overall volume executed, the Exchange believes

it is reasonable and appropriate to offer such Market Makers a lower fixed cost. The Exchange notes that other options exchanges assess certain of their fees at different rates, based upon a member's participation on that exchange,¹¹ and, as such, this concept is not novel. The proposed changes to the MEI Port fees for Market Makers who fall within the 4th and 5th levels of the fee table are based upon a business determination of current Market Maker assignments and trading volume.

For the calculation of the monthly MEI Port Fees that apply to Market Makers, the number of classes is defined as the greatest number of classes the Market Maker was assigned to quote in on any given day within the calendar month and the class volume percentage is based on the total national average daily volume in classes listed on MIAX Emerald in the prior calendar quarter.¹² Newly listed option classes are excluded from the calculation of the monthly MEI Port Fee until the calendar quarter following their listing, at which time the newly listed option classes will be included in both the per class count and the percentage of total national average daily volume. The Exchange proposes to assess Market Makers the monthly MEI Port Fees based on the greatest number of classes listed on MIAX Emerald that the Market Maker was assigned to quote in on any given day within a calendar month and the applicable fee rate that is the lesser of either the per class basis or percentage of total national average daily volume measurement.

¹¹ See, e.g., Cboe BZX Options Exchange ("BZX Options") assesses the Participant Fee, which is a membership fee, according to a member's ADV. See Cboe BZX Options Exchange Fee Schedule under "Membership Fees". The Participant Fee is \$500 if the member ADV is less than 5000 contracts and \$1,000 if the member ADV is equal to or greater than 5,000 contracts.

¹² The Exchange will use the following formula to calculate the percentage of total national average daily volume that the Market Maker assignment is for purposes of the MEI Port Fee for a given month:

Market Maker assignment percentage of national average daily volume = [total volume during the prior calendar quarter in a class in which the Market Maker was assigned]/[total national volume in classes listed on MIAX in the prior calendar quarter].

⁸ Full Service MEI Ports means a port which provides Market Makers with the ability to send Market Maker simple and complex quotes, eQuotes, and quote purge messages to the MIAX Emerald System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per Matching Engine. See the Definitions Section of the Fee Schedule.

⁹ Limited Service MEI Ports means a port which provides Market Makers with the ability to send simple and complex eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX Emerald System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per Matching Engine. See the Definitions Section of the Fee Schedule.

¹⁰ A "matching engine" is a part of the MIAX Emerald electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines. See the Definitions Section of the Fee Schedule.

The Exchange currently charges \$50 per month for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports. The Full Service MEI Ports, Limited Service MEI Ports and the additional Limited Service MEI Ports all include access to the Exchange's Primary and Secondary data

centers and its Disaster Recovery center. Currently, footnote "*" in the MEI Port Fee table provides that the fees for Additional Limited Service MEI Ports are not subject to the Waiver Period. Accordingly, in connection with this proposal, the Exchange proposes to delete footnote "*" since the Exchange proposes to begin assessing MEI Port fees, which will no longer be subject to the Waiver Period. The Exchange also

proposes to increase the monthly fee from \$50 to \$100 for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports.

Below is the proposed table showing the MEI Port fees:

Monthly MIAX Emerald MEI fees	Market Maker Assignments (the lesser of the applicable measurements below)	
	Per class	% of national average daily volume
\$5,000.00	Up to 5 Classes	Up to 10% of Classes by volume.
\$10,000.00	Up to 10 Classes	Up to 20% of Classes by volume.
\$14,000.00	Up to 40 Classes	Up to 35% of Classes by volume.
\$17,500.00 ■	Up to 100 Classes	Up to 50% of Classes by volume.
\$20,500.00 ■	Over 100 Classes	Over 50% of Classes by volume up to all Classes listed on MIAX Emerald.

■ For these Monthly MIAX Emerald MEI Port tier levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.025% of the total monthly executed volume reported by OCC in the customer account type for MIAX Emerald-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level.

Purge Port Fees

The Exchange also offers Market Makers the ability to request and be allocated two (2) Purge Ports per Matching Engine to which it connects. Purge Ports provide Market Makers with the ability to send quote purge messages to the MIAX Emerald System. Purge Ports are not capable of sending or receiving any other type of messages or information. Since the launch of the Exchange, fees for Purge Ports have been waived for the Waiver Period. The Exchange now proposes to amend its Fee Schedule to adopt fees for Purge Ports. For each month in which the MIAX Emerald Market Maker has been credentialed to use Purge Ports in the production environment and has been assigned to quote in at least one class,

the Exchange proposes to assess the MIAX Emerald Market Maker a flat fee \$1,500, regardless of the number of Purge Ports allocated to the MIAX Emerald Market Maker.

CTD Port Fees

The Exchange proposes to assess a CTD Port fee as a monthly fixed amount, not tied to transacted volume of the Member. This fixed fee structure is the same structure in place at Nasdaq PHLX with respect to the proposed CTD Port Fees.¹³ Since the launch of the Exchange, CTD Port Fees have been waived for the Waiver Period. CTD provides Exchange members with real-time clearing trade updates. The updates include the Member's clearing trade messages on a low latency, real-time basis. The trade messages are

routed to a Member's connection containing certain information. The information includes, among other things, the following: (i) Trade date and time; (ii) symbol information; (iii) trade price/size information; (iv) Member type (for example, and without limitation, Market Maker, Electronic Exchange Member, Broker-Dealer); (v) Exchange Member Participant Identifier ("MPID") for each side of the transaction, including Clearing Member MPID; and (vi) strategy specific information for complex transactions. CTD Port fees will be assessed in any month the Member is credentialed to use the CTD Port in the production environment. The Exchange proposes to assess a CTD Port fee of \$450 per month. Below is the proposed table for the CTD Port fees:

Description	Monthly fee
Real-Time CTD Information	\$450.00

FXD Port Fee

The Exchange proposes to assess an FXD Port Fee as a monthly fixed amount, not tied to transacted volume of the Member. This fixed fee structure is the same structure in place at Nasdaq PHLX with respect to FXD Port Fees.¹⁴ Since the launch of the Exchange, FXD

Port Fees have been waived for the Waiver Period. FXD is a messaging interface that will provide a copy of real-time trade execution, trade correction and trade cancellation information to FXD Port users who subscribe to the service. FXD Port users are those users who are designated by an EEM to receive the information and

the information is restricted for use by the EEM. FXD Port fees will be assessed in any month the Member is credentialed to use the FXD Port in the production environment. The Exchange proposes to assess an FXD Port fee of \$500 per month. Below is the proposed table for the FXD Port fees:

¹³ See Nasdaq PHLX Pricing Schedule, Options 7, Section 9, Other Member Fees, B. Port Fees.

¹⁴ *Id.*

Description	MIAX Emerald monthly port fees (includes connectivity to the Primary, Secondary and Disaster Recovery data centers)
FIX Drop Copy Port	\$500.00

10Gb ULL Connectivity Fee

The Exchange proposes to amend Sections 5a) and b) of the Fee Schedule to increase the monthly network connectivity fees for the 10Gb ULL fiber connection, which is charged to both Members and non-Members of the Exchange for connectivity to the Exchange's primary/secondary facility. The Exchange offers to both Members and non-Members two bandwidth alternatives for connectivity to the Exchange, to its primary and secondary facilities, consisting of a 1Gb fiber connection and a 10Gb ULL fiber connection. The 10Gb ULL offering uses an ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange now proposes to increase its monthly network connectivity fee for its 10Gb ULL connection to \$10,000 for Members and non-Members.

* * * * *

MIAX Emerald believes that exchanges, in setting fees of all types, should meet very high standards of transparency to demonstrate why each new fee or fee increase meets the requirements of the Act that fees be reasonable, equitably allocated, not unfairly discriminatory, and not create an undue burden on competition among members and markets. MIAX Emerald believes this high standard is especially important when an exchange imposes various access fees for market participants to access an exchange's marketplace. MIAX Emerald deems Port fees and Connectivity Fees to be access fees. The Exchange believes that it is important to demonstrate that these fees are based on its costs and reasonable business needs. Accordingly, the Exchange believes the Proposed Access Fees will allow the Exchange to offset expense the Exchange has and will incur, and that the Exchange is providing sufficient transparency (as described below) into how the Exchange determined to charge such fees. Accordingly, the Exchange is providing an analysis of its revenues, costs, and profitability (before the proposed changes), and the Exchange's revenues, costs, and profitability (following the proposed changes) for the Proposed Access Fees. This analysis includes

information regarding its methodology for determining the costs and revenues associated with the Proposed Access Fees.

In order to determine the Exchange's costs associated with providing the Proposed Access Fees, the Exchange conducted an extensive cost review in which the Exchange analyzed every expense item in the Exchange's general expense ledger to determine whether each such expense relates to the Proposed Access Fees, and, if such expense did so relate, what portion (or percentage) of such expense actually supports the services included in the Proposed Access Fees. The sum of all such portions of expenses represents the total cost of the Exchange to provide the Proposed Access Fees. For the avoidance of doubt, no expense amount was allocated twice. The Exchange is also providing detailed information regarding the Exchange's cost allocation methodology—namely, information that explains the Exchange's rationale for determining that it was reasonable to allocate certain expenses described in this filing towards the total cost to the Exchange to provide the Proposed Access Fees.

In order to determine the Exchange's projected revenues associated with providing the Proposed Access Fees, the Exchange analyzed the number of Members and non-Members currently utilizing the Exchange's services associated with the Proposed Access Fees during 2020, and, utilizing a recently completed monthly billing cycle, extrapolated annualized revenue on a going-forward basis.

The Exchange is presenting its revenue and expense associated with the Proposed Access Fees in this filing in a manner that is consistent with how the Exchange presents its revenue and expense in its Audited Unconsolidated Financial Statements. The Exchange's most recent Audited Unconsolidated Financial Statement is for 2019. However, since the revenue and expense associated with the Proposed Access Fees were not in place in 2019 or for the first three quarters of 2020, the Exchange believes its 2019 Audited Unconsolidated Financial Statement is not useful for analyzing the reasonableness of the total annual

revenue and costs associated with the Proposed Access Fees. Accordingly, the Exchange believes it is more appropriate to analyze the Proposed Access Fees utilizing its 2020 actual (9 months to date) and projected (3 months remaining) revenue and costs, as described herein, which utilize the same presentation methodology as set forth in the Exchange's previously-issued Audited Unconsolidated Financial Statements. Based on this analysis, the Exchange believes that the Proposed Access Fees are fair and reasonable because they will not result in excessive pricing or supra-competitive profit when comparing the Exchange's total annual expense associated with providing the services associated with the Proposed Access Fees versus the total projected annual revenue the Exchange will collect for providing those services.

On March 29, 2019, the Commission issued its Order Disapproving Proposed Rule Changes to Amend the Fee Schedule on the BOX Market LLC Options Facility to Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network (the "BOX Order").¹⁵ On May 21, 2019, the Commission issued the Staff Guidance on SRO Rule Filings Relating to Fees.¹⁶ On December 20, 2019, the Exchange adopted Connectivity Fees in a filing utilizing a cost-based justification framework that is substantially similar to the cost-based justification framework utilized for the instant Proposed Access Fees.¹⁷ Accordingly, the Exchange believes that the Proposed Access Fees are consistent with the Act because they (i) are reasonable, equitably allocated, not unfairly discriminatory, and not an undue burden on competition; (ii) comply with the BOX Order and the Guidance; (iii) are supported by evidence (including comprehensive

¹⁵ See Securities Exchange Act Release No. 85459 (March 29, 2019), 84 FR 13363 (April 4, 2019) (SR-BOX-2018-24, SR-BOX-2018-37, and SR-BOX-2019-04).

¹⁶ See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019), at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees> (the "Guidance").

¹⁷ See Securities Exchange Act Release No. 87877 (December 31, 2019), 84 FR 738 (January 7, 2020) (SR-EMERALD-2019-39).

revenue and cost data and analysis) that they are fair and reasonable because they not result in excessive pricing or supra-competitive profit; and (iv) utilize a cost-based justification framework that is substantially similar to a framework previously used by the Exchange to establish Connectivity Fees.

Accordingly, the Exchange believes that the Commission should find that the Proposed Fees are consistent with the Act.

The proposed rule change is immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange Members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act²⁰ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²¹

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is one of several options venues to which market participants may direct their order flow, and it represents a small

percentage of the overall market. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 16% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options.²²

Therefore, no exchange possesses significant pricing power. More specifically, for the month of August 2020, the Exchange had a market share of approximately 3.24% of executed multiply-listed equity options.²³

The Exchange also believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to non-transaction and transaction fee changes. For example, on February 28, 2019, the Exchange’s affiliate, MIAX PEARL, LLC (“MIAX PEARL”) filed with the Commission a proposal to increase Taker fees in certain Tiers for options transactions in certain Penny classes for Priority Customers and decrease Maker rebates in certain Tiers for options transactions in Penny classes for Priority Customers (which fee was to be effective March 1, 2019).²⁴ MIAX PEARL experienced a decrease in total market share for the month of March 2019, after the proposal went into effect. Accordingly, the Exchange believes that the MIAX PEARL March 1, 2019 fee change, to increase certain transaction fees and decrease certain transaction rebates, may have contributed to the decrease in MIAX PEARL’s market share and, as such, the Exchange believes competitive forces constrain the Exchange’s, and other options exchanges, ability to set transaction fees and non-transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

The Exchange launched trading on March 1, 2019. The Exchange has only a 3.24% market share of the U.S. options industry in August 2020 in

equity option classes according to the OCC.²⁵ The Exchange is not aware of any evidence that a market share of approximately 3% provides the Exchange with anti-competitive pricing power. If the Exchange were to attempt to establish unreasonable pricing, then no market participant would join or connect, and existing market participants would disconnect.

Separately, the Exchange is not aware of any reason why market participants could not simply drop their connections to an exchange (or not connect to an exchange) if an exchange were to establish prices for its non-transaction fees that, in the determination of such market participant, did not make business or economic sense for such market participant to connect to such exchange. No options market participant is required by rule, regulation, or competitive forces to be a Member of the Exchange. As evidence of the fact that market participants can and do disconnect from exchanges based on non-transaction fee pricing, R2G Services LLC (“R2G”) filed a comment letter after BOX’s proposed rule changes to increase its connectivity fees (SR-BOX-2018-24, SR-BOX-2018-37, and SR-BOX-2019-04).²⁶ The R2G Letter stated, “[w]hen BOX instituted a \$10,000/month price increase for connectivity; we had no choice but to terminate connectivity into them as well as terminate our market data relationship. The cost benefit analysis just didn’t make any sense for us at those new levels.”²⁷ Accordingly, this example shows that if an exchange sets too high of a fee for connectivity and/or other non-transaction fees for its relevant marketplace, market participants can choose to disconnect from such exchange.

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the Proposed Access Fees will not result in excessive or supra-competitive profit. The costs associated with providing access to Exchange Members and non-Members, as well as the general expansion of a state-of-the-art infrastructure, are extensive, have increased year-over-year, and are projected to increase year-over-year in the future. In particular, the Exchange has experienced a material increase in its costs in 2020, in connection with a project to make its network environment more transparent and deterministic, based on customer

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

²² The Options Clearing Corporation (“OCC”) publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/market-data/volume/default.jsp>.

²³ See *id.*

²⁴ See Securities Exchange Act Release No. 85304 (March 13, 2019), 84 FR 10144 (March 19, 2019) (SR-PEARL-2019-07).

²⁵ See *supra* note 22.

²⁶ See Letter from Stefano Durdic, R2G, to Vanessa Countryman, Acting Secretary, Commission, dated March 27, 2019 (the “R2G Letter”).

²⁷ See *id.*

demand. This project will allow the Exchange to enhance its network architecture with the intent of ensuring a best-in-class, transparent and deterministic trading system while maintaining its industry leading latency and throughput capabilities. In order to provide this greater amount of transparency and higher determinism, MIAx Emerald has made significant capital expenditures ("CapEx"), incurred increased ongoing operational expenditures, and undertaken additional engineering R&D in the following areas: (i) Implementing an improved network design to ensure the minimum latency between multicast market data signals disseminated by the Exchange across the extranet switches, improving the unicast jitter profile to reduce the occurrence of message sequence inversions from Members to the Exchange quoting gateway processors, and introducing a new optical fiber network infrastructure that ensures the optical fiber path for participants within extremely tight tolerances; (ii) introducing a re-architected and engineered participant quoting gateway that ensures the delivery of messages to the match engine with absolute determinism, eliminating the message processing inversions that can occur with messages received nanoseconds apart; and (iii) designing an improved monitoring platform to better measure the performance of the network and systems at extremely tight tolerances and to provide Members with reporting on the performance of their systems. Just the CapEx associated with phase 1 of this project in 2020 was approximately \$1.85 million. This expense does not include the significant increase in employee time and other resources necessary to maintain and service this network, which expense is captured in the operating expense ("OpEx") discussed below. This project, which results in a material increase in expense of the Exchange, is a primary driver for the increase in network connectivity fees proposed by the Exchange.

However, in order to provide more detail and to quantify the Exchange's costs associated with providing access to the Exchange in general, the Exchange notes that there are material costs associated with providing the infrastructure and headcount to fully-support access to the Exchange. The Exchange incurs technology expense related to establishing and maintaining Information Security services, enhanced network monitoring and customer reporting, as well as Regulation SCI mandated processes, associated with its

network technology. While some of the expense is fixed, much of the expense is not fixed, and thus increases as the services associated with the Proposed Access Fees increase. For example, new 10Gb ULL connections and Ports require the purchase of additional hardware to support those connections as well as enhanced monitoring and reporting of customer performance that MIAx Emerald and its affiliates provide. Further, as the total number of all connections and Ports increase, MIAx Emerald and its affiliates need to increase their data center footprint and consume more power, resulting in increased costs charged by their third-party data center provider. Accordingly, the cost to MIAx Emerald and its affiliates is not fixed. The Exchange believes the Proposed Access Fees are reasonable in order to offset the costs to the Exchange associated with providing access to its network infrastructure.

Further, because the costs of operating its own data center are significant and not economically feasible for the Exchange at this time, the Exchange does not operate its own data centers, and instead contracts with a third-party data center provider. The Exchange notes that other competing exchange operators own/operate their data centers, which offers them greater control over their data center costs. Because those exchanges own and operate their data centers as profit centers, the Exchange is subject to additional costs. The Proposed Access Fees, which are charged for accessing the Exchange's data center network infrastructure, are directly related to the network and offset such costs.

The Exchange invests significant resources in network R&D to improve the overall performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to the Exchange's Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify a Member (and the SIPs) when the Exchange detects a problem with a Member's connectivity. In fact, the Exchange often receives inquiries from other industry participants regarding the status of networking issues outside of the Exchange's own network environment that are impacting the industry as a whole via the SIPs, including inquiries from regulators,

because the Exchange has a superior, state-of-the-art network that, through its enhanced monitoring and reporting solutions, often detects and identifies industry-wide networking issues ahead of the SIPs. The Exchange also incurs costs associated with the maintenance and improvement of existing tools and the development of new tools.

Additionally, certain Exchange-developed network aggregation and monitoring tools provide the Exchange with the ability to measure network traffic with a much more granular level of variability. This is important as Exchange Members demand a higher level of network determinism and the ability to measure variability in terms of single digit nanoseconds. Also, routine R&D projects to improve the performance of the network's hardware infrastructure result in additional cost. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network in the U.S. options industry is a significant expense for the Exchange that also increases year-over-year, and thus the Exchange believes that it is reasonable to offset those costs through the Proposed Access Fees. The Exchange invests in and offers a superior network infrastructure as part of its overall options exchange services offering, resulting in significant costs associated with maintaining this network infrastructure, which are directly tied to the amount of the Proposed Access Fees that must be charged to access it, in order to recover those costs.

The Exchange only has four primary sources of revenue: Transaction fees, access fees (of which the Proposed Access Fees constitute the majority), regulatory fees, and market data fees. Accordingly, the Exchange must cover all of its expenses from these four primary sources of revenue.

The Proposed Access Fees are fair and reasonable because they will not result in excessive pricing or supra-competitive profit, when comparing the total annual expense of MIAx Emerald associated with providing these services versus the total projected annual revenue that the Exchange projects to collect. For 2020, the total annual expense for providing the services associated with the Proposed Access Fees for MIAx Emerald is projected to be approximately \$9.3 million. The \$9.3 million in projected total annual expense is comprised of the following, all of which are directly related to the services associated with the Proposed Access Fees: (1) Third-party expense, relating to fees paid by MIAx Emerald to third-parties for certain products and services; and (2) internal expense,

relating to the internal costs of MIAX Emerald to provide the services associated with the Proposed Access Fees. The \$9.3 million in projected total annual expense is directly related to the services associated with the Proposed Access Fees, and not any other product or service offered by the Exchange. It does not include general costs of operating matching systems and other trading technology, and no expense amount was allocated twice.

As discussed, the Exchange conducted an extensive cost review in which the Exchange analyzed every expense item in the Exchange's general expense ledger (this includes over 150 separate and distinct expense items) to determine whether each such expense relates to the services associated with the Proposed Access Fees, and, if such expense did so relate, what portion (or percentage) of such expense actually supports those services, and thus bears a relationship that is, "in nature and closeness," directly related to those services. The sum of all such portions of expenses represents the total cost of the Exchange to provide services associated with the Proposed Access Fees.

For 2020, total third-party expense, relating to fees paid by MIAX Emerald to third-parties for certain products and services for the Exchange to be able to provide the services associated with the Proposed Access Fees, is projected to be \$1,932,519. This includes, but is not limited to, a portion of the fees paid to: (1) Equinix, for data center services, for the primary, secondary, and disaster recovery locations of the MIAX Emerald trading system infrastructure; (2) Zayo Group Holdings, Inc. ("Zayo") for network services (fiber and bandwidth products and services) linking MIAX Emerald's office locations in Princeton, NJ and Miami, FL to all data center locations; (3) Secure Financial Transaction Infrastructure ("SFTI"),²⁸ which supports connectivity and feeds for the entire U.S. options industry; (4) various other services providers (including Thompson Reuters, NYSE, Nasdaq, and Internap), which provide content, connectivity services, and infrastructure services for critical

components of options connectivity and network services; and (5) various other hardware and software providers (including Dell and Cisco, which support the production environment in which Members and non-Members connect to the network to trade, receive market data, etc.).

For clarity, only a portion of all fees paid to such third-parties is included in the third-party expense herein, and no expense amount is allocated twice. Accordingly, MIAX Emerald does not allocate its entire information technology and communication costs to the services associated with the Proposed Access Fees.

The Exchange believes it is reasonable to allocate such third-party expense described above towards the total cost to the Exchange to provide the services associated with the Proposed Access Fees. In particular, the Exchange believes it is reasonable to allocate the identified portion of the Equinix expense because Equinix operates the data centers (primary, secondary, and disaster recovery) that host the Exchange's network infrastructure. This includes, among other things, the necessary storage space, which continues to expand and increase in cost, power to operate the network infrastructure, and cooling apparatuses to ensure the Exchange's network infrastructure maintains stability. Without these services from Equinix, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to its Members and non-Members and their customers. The Exchange did not allocate all of the Equinix expense toward the cost of providing the services associated with the Proposed Access Fees, only that portion which the Exchange identified as being specifically mapped to providing the services associated with the Proposed Access Fees, approximately 73% of the total Equinix expense. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees, and not any other service, as supported by its cost review.

The Exchange believes it is reasonable to allocate the identified portion of the Zayo expense because Zayo provides the internet, fiber and bandwidth connections with respect to the network, linking MIAX Emerald with its affiliates, MIAX and MIAX PEARL, as well as the data center and disaster recovery locations. As such, all of the trade data, including the billions of messages each day per exchange, flow

through Zayo's infrastructure over the Exchange's network. Without these services from Zayo, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees. The Exchange did not allocate all of the Zayo expense toward the cost of providing the services associated with the Proposed Access Fees, only the portion which the Exchange identified as being specifically mapped to providing the Proposed Access Fees, approximately 66% of the total Zayo expense. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees, and not any other service, as supported by its cost review.

The Exchange believes it is reasonable to allocate the identified portions of the SFTI expense and various other service providers' (including Thompson Reuters, NYSE, Nasdaq, and Internap) expense because those entities provide connectivity and feeds for the entire U.S. options industry, as well as the content, connectivity services, and infrastructure services for critical components of the network. Without these services from SFTI and various other service providers, the Exchange would not be able to operate and support the network and provide access to its Members and non-Members and their customers. The Exchange did not allocate all of the SFTI and other service providers' expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to providing the services associated with the Proposed Access Fees, approximately 94% of the total SFTI and other service providers' expense. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees.

The Exchange believes it is reasonable to allocate the identified portion of the other hardware and software provider expense because this includes costs for dedicated hardware licenses for switches and servers, as well as dedicated software licenses for security monitoring and reporting across the network. Without this hardware and software, the Exchange would not be able to operate and support the network and provide access to its Members and non-Members and their customers. The Exchange did not allocate all of the hardware and software provider expense toward the cost of providing

²⁸ In fact, on October 22, 2019, the Exchange was notified by SFTI that it is again raising its fees charged to the Exchange by approximately 11%, without having to show that such fee change complies with the Act by being reasonable, equitably allocated, and not unfairly discriminatory. It is unfathomable to the Exchange that, given the critical nature of the infrastructure services provided by SFTI, that its fees are not required to be rule-filed with the Commission pursuant to Section 19(b)(1) of the Act and Rule 19b-4 thereunder. See 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively.

the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to providing the services associated with the Proposed Access Fees, approximately 57% of the total hardware and software provider expense. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees.

For 2020, total projected internal expense, relating to the internal costs of MIAX Emerald to provide the services associated with the Proposed Access Fees, is projected to be \$7,367,259. This includes, but is not limited to, costs associated with: (1) Employee compensation and benefits for full-time employees that support the services associated with the Proposed Access Fees, including staff in network operations, trading operations, development, system operations, business, as well as staff in general corporate departments (such as legal, regulatory, and finance) that support those employees and functions (including an increase as a result of the higher determinism project); (2) depreciation and amortization of hardware and software used to provide the services associated with the Proposed Access Fees, including equipment, servers, cabling, purchased software and internally developed software used in the production environment to support the network for trading; and (3) occupancy costs for leased office space for staff that provide the services associated with the Proposed Access Fees. The breakdown of these costs is more fully-described below. For clarity, only a portion of all such internal expenses are included in the internal expense herein, and no expense amount is allocated twice. Accordingly, MIAX Emerald does not allocate its entire costs contained in those items to the services associated with the Proposed Access Fees.

The Exchange believes it is reasonable to allocate such internal expense described above towards the total cost to the Exchange to provide the services associated with the Proposed Access Fees. In particular, MIAX Emerald's employee compensation and benefits expense relating to providing the services associated with the Proposed Access Fees is projected to be \$4,489,924, which is only a portion of the \$9,354,009 total projected expense for employee compensation and benefits. The Exchange believes it is reasonable to allocate the identified portion of such expense because this includes the time spent by employees of

several departments, including Technology, Back Office, Systems Operations, Networking, Business Strategy Development (who create the business requirement documents that the Technology staff use to develop network features and enhancements), Trade Operations, Finance (who provide billing and accounting services relating to the network), and Legal (who provide legal services relating to the network, such as rule filings and various license agreements and other contracts). As part of the extensive cost review conducted by the Exchange, the Exchange reviewed the amount of time spent by each employee on matters relating to the provision of services associated with the Proposed Access Fees. Without these employees, the Exchange would not be able to provide the services associated with the Proposed Access Fees to its Members and non-Members and their customers. The Exchange did not allocate all of the employee compensation and benefits expense toward the cost of the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to providing the services associated with the Proposed Access Fees, approximately 48% of the total employee compensation and benefits expense. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees, and not any other service, as supported by its cost review.

MIAX Emerald's depreciation and amortization expense relating to providing the services associated with the Proposed Access Fees is projected to be \$2,630,687, which is only a portion of the \$3,812,590 total projected expense for depreciation and amortization. The Exchange believes it is reasonable to allocate the identified portion of such expense because such expense includes the actual cost of the computer equipment, such as dedicated servers, computers, laptops, monitors, information security appliances and storage, and network switching infrastructure equipment, including switches and taps that were purchased to operate and support the network and provide the services associated with the Proposed Access Fees. Without this equipment, the Exchange would not be able to operate the network and provide the services associated with the Proposed Access Fees to its Members and non-Members and their customers. The Exchange did not allocate all of the depreciation and amortization expense

toward the cost of providing the services associated with the Proposed Access Fees, only the portion which the Exchange identified as being specifically mapped to providing the services associated with the Proposed Access Fees, approximately 69% of the total depreciation and amortization expense, as these services would not be possible without relying on such equipment. The Exchange believes this allocation is reasonable because it represents the Exchange's actual cost to provide the services associated with the Proposed Access Fees, and not any other service, as supported by its cost review.

MIAX Emerald's occupancy expense relating to providing the services associated with the Proposed Access Fees is projected to be \$246,648, which is only a portion of the \$474,323 total projected expense for occupancy. The Exchange believes it is reasonable to allocate the identified portion of such expense because such expense represents the portion of the Exchange's cost to rent and maintain a physical location for the Exchange's staff who operate and support the network, including providing the services associated with the Proposed Access Fees. This amount consists primarily of rent for the Exchange's Princeton, NJ office, as well as various related costs, such as physical security, property management fees, property taxes, and utilities. The Exchange operates its Network Operations Center ("NOC") and Security Operations Center ("SOC") from its Princeton, New Jersey office location. A centralized office space is required to house the staff that operates and supports the network. The Exchange currently has approximately 150 employees. Approximately two-thirds of the Exchange's staff are in the Technology department, and the majority of those staff have some role in the operation and performance of the services associated with the Proposed Access Fees. Without this office space, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to its Members and non-Members and their customers. Accordingly, the Exchange believes it is reasonable to allocate the identified portion of its occupancy expense because such amount represents the Exchange's actual cost to house the equipment and personnel who operate and support the Exchange's network infrastructure and the services associated with the Proposed Access Fees. The Exchange did not allocate all of the occupancy expense toward the

cost of providing the services associated with the Proposed Access Fees, only the portion which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 52% of the total occupancy expense. The Exchange believes this allocation is reasonable because it represents the Exchange's cost to provide the services associated with the Proposed Access Fees, and not any other service, as supported by its cost review [sic].

Accordingly, based on the facts and circumstances presented, the Exchange believes that its provision of the services associated with the Proposed Access Fees will not result in excessive pricing or supra-competitive profit. To illustrate, for 2020, the Exchange's total revenue for non-transaction fees—consisting of only 1Gb and 10Gb ULL connectivity and MEI additional limited service port fees—for the first 9 months of 2020, was approximately \$3.9 million. Total projected revenue associated with the Proposed Access Fees for the remaining three months of 2020 is approximately \$2.55 million. Therefore, total projected revenue for the Exchange for 2020 for the provision of such access fees is approximately \$6.5 million. Total projected expense for the Exchange for 2020 for the provision of access fees is approximately \$9.3 million. Accordingly, the provision of the services associated with the Proposed Access Fees will not result in excessive pricing or supra-competitive profit (rather, it will result in a loss of \$2.8 million for 2020).

On a going-forward, fully-annualized basis, the Exchange projects that its annualized revenue for providing the services associated with the Proposed Access Fees would be approximately \$10.2 million per annum, based on a most recently completed billing cycle. The Exchange projects that its annualized expense for providing the services associated with the Proposed Access Fees would be approximately \$9.3 million per annum. Accordingly, on a fully-annualized basis, the Exchange believes its total projected revenue for the providing the services associated with the Proposed Access Fees will not result in excessive pricing or supra-competitive profit, as the Exchange will make only a 9% profit margin on the Proposed Access Fees (\$10.2 million – 9.3 million = \$900,000 per annum). This profit margin does not take into account the cost of the CapEx the Exchange is projected to spend in 2020 of \$1.85 million, or the amounts the Exchange is projected to spend each year on CapEx going forward.

For the avoidance of doubt, none of the expenses included herein relating to the services associated with the Proposed Access Fees relate to the provision of any other services offered by MIAX Emerald. Stated differently, no expense amount of the Exchange is allocated twice.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to allocate the respective percentages of each expense category described above towards the total cost to the Exchange of operating and supporting the network, including providing the services associated with the Proposed Access Fees because the Exchange performed a line-by-line item analysis of all the expenses of the Exchange, and has determined the expenses that directly relate to operation and support of the network. Further, the Exchange notes that, without the specific third-party and internal items listed above, the Exchange would not be able to operate and support the network, including providing the services associated with the Proposed Access Fees to its Members and non-Members and their customers. Each of these expense items, including physical hardware, software, employee compensation and benefits, occupancy costs, and the depreciation and amortization of equipment, have been identified through a line-by-line item analysis to be integral to the operation and support of the network. The Proposed Access Fees are intended to recover the Exchange's costs of operating and supporting the network. Accordingly, the Exchange believes that the Proposed Access Fee Increases are fair and reasonable because they do not result in excessive pricing or supra-competitive profit, when comparing the actual network operation and support costs to the Exchange versus the projected annual revenue from the Proposed Access Fees, including the increased amount.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would place certain market participants at the Exchange at a relative disadvantage compared to other market participants or affect the ability of such market participants to compete.

Intra-Market Competition

The Exchange believes that the Proposed Access Fees do not place certain market participants at a relative disadvantage to other market participants because the Proposed Access Fees do not favor certain

categories of market participants in a manner that would impose a burden on competition; rather, the allocation of the Proposed Access Fees reflects the network resources consumed by the various size of market participants—lowest bandwidth consuming members pay the least, and highest bandwidth consuming members pays the most, particularly since higher bandwidth consumption translates to higher costs to the Exchange.

Inter-Market Competition

The Exchange believes the Proposed Access Fees do not place an undue burden on competition on other SROs that is not necessary or appropriate. In particular, options market participants are not forced to connect to (and purchase market data from) all options exchanges. The Exchange had one of its member firms cancel its membership with the Exchange as a direct result of the Proposed Access Fees. The Exchange also notes that it has far less Members as compared to the much greater number of members at other options exchanges. Not only does MIAX Emerald have less than half the number of members as certain other options exchanges, but there are also a number of the Exchange's Members that do not connect directly to MIAX Emerald. There are a number of large market makers and broker-dealers that are members of other options exchange but not Members of MIAX Emerald. The Exchange is also unaware of any assertion that its existing fee levels or the Proposed Access Fees would somehow unduly impair its competition with other options exchanges. To the contrary, if the fees charged are deemed too high by market participants, they can simply disconnect, as described above.

The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing options venues if they deem fee levels at a particular venue to be excessive.²⁹ Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% market share. Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. For the month of August 2020, the Exchange had a market share of approximately 3.24% of executed multiply-listed equity options³⁰ and the Exchange believes that the ever-shifting market share among exchanges from month to month

²⁹ See *supra* note 22.

³⁰ *Id.*

demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to fee changes. In such an environment, the Exchange must continually adjust its fees and fee waivers to remain competitive with other exchanges and to attract order flow to the Exchange.

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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³¹ and Rule 19b-4(f)(2)³² thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-EMERALD-2020-12 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-EMERALD-2020-12. 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-EMERALD-2020-12 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020-23149 Filed 10-19-20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90178; File No. SR-NYSEAMER-2020-64]

Self-Regulatory Organizations; NYSE American LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Modify Rules 971.1NY and 971.2NY Regarding CUBE Auctions

October 14, 2020.

On August 19, 2020, NYSE American LLC ("NYSE American") 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 modify Rules 971.1NY and 971.2NY

regarding its Customer Best Execution ("CUBE") auction to provide optional all-or-none functionality for larger-sized orders in both the Single-Leg and Complex CUBE Auctions. The proposed rule change was published for comment in the **Federal Register** on September 8, 2020.³ The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is October 23, 2020. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁵ designates December 7, 2020, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-NYSEAMER-2020-64).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020-23139 Filed 10-19-20; 8:45 am]

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³ See Securities Exchange Act Release No. 89723 (September 1, 2020), 85 FR 55562 (September 8, 2020).

⁴ 15 U.S.C. 78s(b)(2).

⁵ *Id.*

⁶ 17 CFR 200.30-3(a)(31).

³¹ 15 U.S.C. 78s(b)(3)(A)(ii).

³² 17 CFR 240.19b-4(f)(2).

³³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90181; File No. SR–NSCC–2020–016]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Introduce the Margin Liquidity Adjustment Charge and Include a Bid-Ask Risk Charge in the VaR Charge

October 14, 2020.

On July 30, 2020, National Securities Clearing Corporation (“NSCC”) 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 proposed rule change SR–NSCC–2020–016 to add two new charges to NSCC’s margin methodology.³ On August 13, 2020, NSCC filed Amendment No. 1 to the proposed rule change, to make clarifications and corrections to the proposed rule change.⁴ The proposed rule change, as modified by Amendment No. 1, was published for public comment in the **Federal Register** on August 20, 2020.⁵ The Commission has received comment letters on the proposed rule change, as modified by Amendment No. 1.⁶

On August 27, 2020, NSCC filed Amendment No. 2 to the proposed rule change to provide additional data for the Commission to consider in

analyzing the proposed rule change.⁷ The proposed rule change, as modified by Amendment Nos. 1 and 2, is hereinafter referred to as the “Proposed Rule Change.” On October 2, 2020, pursuant to Section 19(b)(2) of the Act,⁸ the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁹ The Commission is publishing this notice to solicit comments on Amendment No. 2 from interested persons and, for the reasons discussed below, to approve the Proposed Rule Change on an accelerated basis.

I. Description of the Proposed Rule Change

First, the Proposed Rule Change would revise NSCC’s Rules and Procedures (“Rules”)¹⁰ to introduce the Margin Liquidity Adjustment Charge (“MLA Charge”) as an additional margin component. Second, the Proposed Rule Change would revise the Rules to add a bid-ask spread risk charge (“Bid-Ask Spread Charge”) to NSCC’s margin calculations.

A. Background

NSCC provides central counterparty (“CCP”) services, including clearing, settlement, risk management, and a guarantee of completion for virtually all broker-to-broker trades involving equity securities, corporate and municipal debt securities, and certain other securities. In its role as a CCP, a key tool that NSCC uses to manage its credit exposure to its members is determining and collecting an appropriate Required Fund Deposit (*i.e.*, margin) for each member.¹¹ The aggregate of all members’ Required Fund Deposits (together with certain other deposits required under the Rules)

constitutes NSCC’s Clearing Fund, which NSCC would access should a defaulted member’s own Required Fund Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that member’s portfolio.¹²

Each member’s Required Fund Deposit consists of a number of applicable components, which are calculated to address specific risks that the member’s portfolio presents to NSCC.¹³ Generally, the largest component of a member’s Required Fund Deposit is the volatility charge, which is intended to capture the risks related to the movement of market prices associated with the securities in a member’s portfolio.¹⁴ NSCC’s methodology for calculating the volatility charge of the Required Fund Deposit depends on the type of security. For most securities (*e.g.*, equity securities), NSCC calculates the volatility charge as the greater of (1) the larger of two separate calculations that utilize a parametric Value at Risk (“VaR”) model, (2) a gap risk measure calculation based on the largest non-index position in a portfolio that exceeds a concentration threshold, which addresses concentration risk that the largest non-index position can present within a member’s portfolio, and (3) a portfolio margin floor calculation based on the market values of the long and short positions in the portfolio, which addresses risks that might not be adequately addressed with the other volatility charge calculations.¹⁵ For certain other securities (*e.g.*, corporate and municipal bonds), NSCC’s Rules apply a haircut-based volatility charge that is calculated by multiplying the absolute value of the positions by a percentage.¹⁶ The volatility charge is designed to calculate the potential losses on a portfolio over a three-day period of risk assumed necessary to liquidate the portfolio, within a 99 percent confidence level.¹⁷

NSCC states that it regularly assesses market and liquidity risks as such risks relate to its margin methodology to evaluate whether margin levels are commensurate with the particular risk attributes of each relevant product, portfolio, and market.¹⁸ NSCC states

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ NSCC also filed the proposals contained in the proposed rule change as advance notice SR–NSCC–2020–804 with the Commission pursuant to Section 806(e)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”), 12 U.S.C. 5465(e)(1), and Rule 19b–4(n)(1)(i) of the Act, 17 CFR 240.19b–4(n)(1)(i).

⁴ Amendment No. 1 made clarifications and corrections to the description of the proposed rule change and Exhibits 3 and 5 of the filing. On August 13, 2020, NSCC filed Amendment No. 1 to the advance notice to make similar clarifications and corrections to the advance notice.

⁵ Securities Exchange Act Release No. 89558 (August 14, 2020), 85 FR 51521 (August 20, 2020) (“Notice”). The advance notice, as modified by Amendment No. 1, was published for public comment in the **Federal Register** on September 4, 2020. Securities Exchange Act Release No. 89719 (September 1, 2020), 85 FR 55332 (September 4, 2020) (File No. SR–NSCC–2020–804). The comment period for the advance notice, as modified by Amendment No. 1 closed on September 21, 2020, and the Commission received no comments.

⁶ Comments received are available at <https://www.sec.gov/comments/sr-nsc-2020-016/srnscc2020016.htm>.

⁷ In Amendment No. 2, NSCC updated Exhibit 3 to the proposed rule change to include impact analysis data with respect to the proposed rule change. NSCC filed Exhibit 3 as a confidential exhibit to the proposed rule change pursuant to 17 CFR 240.24b–2. On August 27, 2020, NSCC filed Amendment No. 2 to the advance notice to provide similar additional data for the Commission’s consideration. The advance notice, as amended by Amendment Nos. 1 and 2, is hereinafter referred to as the “Advance Notice.” On October 2, 2020, the Commission published notice of filing of Amendment No. 2 and notice of no objection to the Advance Notice. Securities Exchange Act Release No. 90034 (September 28, 2020), 85 FR 62342 (October 2, 2020) (File No. SR–NSCC–2020–804).

⁸ 15 U.S.C. 78s(b)(2).

⁹ Securities Exchange Act Release No. 90084 (October 2, 2020), 85 FR 63607 (October 8, 2020).

¹⁰ Capitalized terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nsc_rules.pdf.

¹¹ See Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters) of the Rules (“Procedure XV”), *supra* note 10.

¹² See *id.*

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See *id.*; see also Securities Exchange Act Release No. 82780 (February 26, 2018), 83 FR 9035 (March 2, 2018) (File No. SR–NSCC–2017–808); Securities Exchange Act Release No. 82781 (February 26, 2018), 83 FR 9042 (March 2, 2018) (File No. SR–NSCC–2017–020).

¹⁶ See *id.*

¹⁷ See Notice, *supra* note 5 at 51522.

¹⁸ See *id.*

that the proposed MLA Charge and Bid-Ask Spread Charge are necessary for NSCC to effectively account for risks associated with certain types and attributes of member portfolios.¹⁹

B. Margin Liquidity Adjustment Charge

NSCC's current margin methodology does not account for the risk of a potential increase in costs that NSCC could incur when liquidating a defaulted member's portfolio that contains a concentration of large positions, as compared to the overall market, in a particular security or group of securities sharing a similar risk profile.²⁰ In a member default, liquidating such large positions within a potentially compressed timeframe²¹ (e.g., in a fire sale) could have an impact on the underlying market, resulting in price moves that increase NSCC's risk of incurring additional liquidation costs. Therefore, NSCC designed the MLA Charge to address this specific risk.²²

The MLA Charge would be based on comparing the market value of member portfolio positions in specified asset groups²³ to the available trading volume of those asset groups. If the market value of a member's positions in a certain asset group is large in comparison to the available trading volume of that asset group,²⁴ then it is more likely that NSCC would have to manage reduced marketability and increased liquidation costs for those positions during a member default scenario. Specifically, NSCC's margin methodology would assume for each asset group that a certain share of the market can be liquidated without price impact.²⁵ Aggregate positions in an asset

group which exceed this share are generally considered as large and would therefore incur application of the MLA Charge to anticipate and address those increased costs.

For each position in a market capitalization subgroup of the equities asset group, NSCC would calculate the market impact cost by multiplying four components: (1) An impact cost coefficient that is a multiple of the one-day market volatility of that subgroup and is designed to measure impact costs, (2) the gross market value of the position in that subgroup, (3) the square root of the gross market value of the position in that subgroup in the portfolio divided by an assumed percentage of the average daily trading volume of that subgroup, and (4) a measurement of the relative weight of the position in that subgroup of the portfolio. With respect to the fourth component, NSCC states that this measurement would include aggregating the weight of each CUSIP in that position relative to the weight of that CUSIP in the subgroup, such that a portfolio with fewer positions in a subgroup would have a higher measure of concentration for that subgroup.²⁶

For each position in the municipal bond, corporate bond, Illiquid Securities and UIT asset groups, and for positions in the treasury ETP and other ETP subgroups of the equities asset group, NSCC would calculate the market impact cost by multiplying three components: (1) An impact cost coefficient that is a multiple of the one-day market volatility of that asset group or subgroup, (2) the gross market value of the position in that asset group or subgroup, and (3) the square root of the gross market value of the position in that asset group or subgroup in the portfolio divided by an assumed percentage of the average daily trading volume of that subgroup.²⁷

For each asset group or subgroup, NSCC would compare the calculated market impact cost to a portion of the volatility charge that is allocated to positions in that asset group or subgroup.²⁸ If the ratio of the calculated

market impact cost to the applicable one-day volatility charge is greater than a threshold, NSCC would apply an MLA Charge to that asset group or subgroup.²⁹ If the ratio of these two amounts is equal to or less than this threshold, NSCC would not apply an MLA Charge to that asset group or subgroup. The threshold would be based on an estimate of the market impact cost that is incorporated into the calculation of the applicable one-day volatility charge, such that NSCC would only apply an MLA Charge when the calculated market impact cost exceeds this threshold.

When applicable, an MLA Charge for each asset group or subgroup would be calculated as a proportion of the product of (1) the amount by which the ratio of the calculated market impact cost to the applicable one-day volatility charge exceeds the threshold, and (2) the one-day volatility charge allocated to that asset group or subgroup.

For each portfolio, NSCC would total the MLA Charges for positions in each of the subgroups of the equities asset group to determine an MLA Charge for the positions in the equities asset group. NSCC would then total the MLA Charge for positions in the equities asset group together with each of the MLA Charges for positions in the other asset groups to determine a total MLA Charge for a member.

In certain circumstances, NSCC may be able to partially mitigate the risks that the MLA Charge is designed to address by extending the time period for liquidating a defaulted member's portfolio beyond the three day period. Accordingly, the Proposed Rule Change also describes a method that NSCC would use to reduce a member's total MLA Charge when the volatility charge component of the member's margin increases beyond a specified point. Specifically, NSCC would reduce the member's MLA Charge where the market impact cost of a particular portfolio, calculated as part of determining the MLA Charge, would be large relative to the one-day volatility

procedures set forth in the Clearing Agency Model Risk Management Framework ("Model Risk Management Framework"). See Securities Exchange Act Release Nos. 81485 (August 25, 2017), 82 FR 41433 (August 31, 2017) (File No. SR-NSCC-2017-008); 84458 (October 19, 2018), 83 FR 53925 (October 25, 2018) (File No. SR-NSCC-2018-009); 88911 (May 20, 2020), 85 FR 31828 (May 27, 2020) (File No. SR-NSCC-2020-008).

²⁹ NSCC would set the initial threshold at 0.4, because approximately 40 percent of the one-day volatility charge currently addresses market impact costs. NSCC would review this threshold from time to time and any changes that NSCC deems appropriate would be subject to NSCC's model risk management governance procedures set forth in the Model Risk Management Framework. See *id.*

¹⁹ See *id.*

²⁰ See Notice, *supra* note 5 at 51522–23.

²¹ NSCC's risk models assume the liquidation occurs over a period of three business days. See Notice, *supra* note 5 at 51523.

²² See *id.*

²³ The specified asset groups would include (1) equities (excluding equities defined as Illiquid Securities pursuant to the Rules), (2) Illiquid Securities, (3) unit investment trusts, or UITs, (4) municipal bonds (including municipal bond exchange-traded products, or "ETPs"), and (5) corporate bonds (including corporate bond ETPs). NSCC would then further segment the equities asset group into the following subgroups: (i) Micro-capitalization equities, (ii) small capitalization equities, (iii) medium capitalization equities, (iv) large capitalization equities, (v) treasury ETPs, and (vi) all other ETPs. See *id.*

²⁴ NSCC states that it would determine average daily trading volume by reviewing data that is made publicly available by the Securities Industry and Financial Markets Association ("SIFMA"), at <https://www.sifma.org/resources/archive/research/statistics>. See *id.*

²⁵ NSCC would establish the particular share for each asset group or subgroup based on empirical research which includes the simulation of asset liquidation over different time horizons. See Notice, *supra* note 5 at 51523–25.

²⁶ NSCC would calculate the relative weight by dividing the absolute market value of a single CUSIP in the member's portfolio by the total absolute market value of that portfolio. See Notice, *supra* note 5 at 51523–24.

²⁷ See *supra* note 24.

²⁸ For purposes of this calculation, NSCC would use a portion of the applicable volatility charge that is based on a one-day assumed period of risk and calculated by applying a simple square-root of time scaling, referred to in this advance notice as "one-day volatility charge." See Notice, *supra* note 5 at 51524. Any changes that NSCC deems appropriate to this assumed period of risk would be subject to NSCC's model risk management governance

charge for that portfolio (*i.e.*, a portion of the three-day assumed margin period of risk). When the ratio of calculated market impact cost to the one-day volatility charge is lower, NSCC would not adjust the MLA Charge. However, as the ratio gets higher, NSCC would reduce the MLA Charge. NSCC designed this reduction mechanism to avoid assessing unnecessarily large MLA Charges.³⁰

On a daily basis, NSCC would calculate the final MLA Charge for each member (if applicable), to be included as a component of each member's Required Fund Deposit.

Finally, NSCC would amend the Rules to add the MLA Charge to the list of Clearing Fund components that are excluded from the calculation of the Excess Capital Premium charge.³¹ The Excess Capital Premium is imposed on a member when the member's Required Fund Deposit exceeds its excess net capital. NSCC states that including the MLA Charge in the calculation of the Excess Capital Premium could lead to more frequent and unnecessary Excess Capital Premium charges, which is not the intended purpose of the Excess Capital Premium charge and could place an unnecessary burden on members.³²

C. Bid-Ask Spread Charge

The bid-ask spread refers to the difference between the observed market price that a buyer is willing to pay for a security and the observed market price at which a seller is willing to sell that security. NSCC faces the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. However, NSCC's current margin methodology does not account for this risk of potential bid-ask spread transaction costs to NSCC in connection with liquidating a defaulted member's portfolio. Therefore, NSCC designed the Bid-Ask Spread Charge to address this deficiency in its current margin methodology.

The Bid-Ask Spread Charge would be haircut-based and tailored to different groups of assets that share similar bid-ask spread characteristics. NSCC would assign each asset group a specified bid-ask spread haircut rate (measured in basis points ("bps")) that would be applied to the gross market value of the portfolio's positions in that particular asset group. NSCC would calculate the product of the gross market value of the portfolio's positions in a particular asset

group and the applicable basis point charge to obtain the bid-ask spread risk charge for these positions. NSCC would total the applicable bid-ask spread risk charges for each asset group in a member's portfolio to calculate the member's final Bid-Ask Spread Charge.

NSCC determined the proposed initial haircut rates based on an analysis of bid-ask spread transaction costs using (1) the results of NSCC's annual member default simulation and (2) market data sourced from a third-party data vendor. NSCC's proposed initial haircut rates are listed in the table below:

Asset group	Haircut (bps)
Large and medium capitalization equities	5.0
Small capitalization equities	12.3
Micro-capitalization equities	23.1
ETPs	1.5

NSCC proposes to review the haircut rates annually.³³ Based on analyses of recent years' simulation exercises, NSCC does not anticipate that these haircut rates would change significantly year over year.³⁴ NSCC may also adjust the haircut rates following its annual model validation review, to the extent the results of that review indicate the current haircut rates are not adequate to address the risk presented by transaction costs from a bid-ask spread.³⁵

D. Description of Amendment No. 2

In Amendment No. 2, NSCC updated Exhibit 3 to the Proposed Rule Change to include impact analysis data with respect to the Proposed Rule Change. Specifically, Amendment No. 2 includes impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Charges for each member, by both percentage and amount. NSCC filed Exhibit 3 as a confidential exhibit to the Proposed Rule Change pursuant to 17 CFR 240.24b-2.

II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act³⁶ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder

applicable to such organization. After careful consideration, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to NSCC. In particular, the Commission finds that the Proposed Rule Change is consistent with Sections 17A(b)(3)(F) and (b)(3)(I)³⁷ of the Act and Rules 17Ad-22(e)(4) and (e)(6) thereunder.³⁸

A. Consistency With Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency, such as NSCC, be designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.³⁹ The Commission believes that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act.

First, as described above in Section I.A and B, NSCC's current margin methodology does not account for the potential increase in market impact costs that NSCC could incur when liquidating a defaulted member's portfolio where the portfolio contains a concentration of large positions in a particular security or group of securities sharing a similar risk profile. In addition, as described above in Section I.C, NSCC's margin methodology does not account for the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. NSCC proposes to address these risks by adding the MLA Charge and Bid-Ask Spread Charge, respectively, to its margin methodology.⁴⁰

NSCC designed the MLA Charge and Bid-Ask Spread Charge to ensure that NSCC collects margin amounts sufficient to manage NSCC's risk of incurring costs associated with liquidating defaulted member portfolios. Based on its review of the Proposed Rule Change, including confidential

³⁷ 15 U.S.C. 78q-1(b)(3)(F) and (b)(3)(I).

³⁸ 17 CFR 240.17Ad-22(e)(4) and (e)(6).

³⁹ 15 U.S.C. 78q-1(b)(3)(F).

⁴⁰ The Commission notes that the other clearing agencies it regulates have charges to account for these types of risks in their margin methodologies, and that addressing these types of risks has received a great deal of industry focus in recent years.

³⁰ See Notice, *supra* note 5 at 51524.

³¹ See Section I.(B)(2) of Procedure XV, *supra* note 10.

³² See Notice, *supra* note 5 at 51524.

³³ See Notice, *supra* note 5 at 51525.

³⁴ See *id.*

³⁵ All proposed changes to the haircuts would be subject to NSCC's model risk management governance procedures set forth in the Model Risk Management Framework. See *supra* note 28.

³⁶ 15 U.S.C. 78s(b)(2)(C).

Exhibit 3 thereto,⁴¹ the Commission understands that the proposed MLA Charge and Bid-Ask Spread Charge would generally provide NSCC with additional resources to manage potential losses arising out of a member default. As discussed above, NSCC designed the MLA Charge and Bid-Ask Spread Charge, respectively, to reflect two distinct and specific risks presented to NSCC: (1) The risk associated with liquidating a defaulted member's portfolio that holds concentrated positions in securities sharing similar risk profiles; as well as (2) the risks associated with the bid-ask spread costs relevant to the securities in the defaulted member's portfolio. As a result, any margin increases that result from the MLA and the Bid-Ask Spread Charges are limited to address those respective risks. This targeted increase in available financial resources should decrease the likelihood that losses arising out of a member default stemming from the liquidation of concentrated positions or bid-ask spreads would cause NSCC to exhaust its financial resources and threaten the operation of its critical clearance and settlement services. Accordingly, the Commission believes that the Proposed Rule Change should help NSCC to continue providing prompt and accurate clearance and settlement of securities transactions in the event of a member default.

Second, as discussed above, in a member default scenario, NSCC would access its Clearing Fund should the defaulted member's own Required Fund Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that member's portfolio. NSCC proposes to add the MLA Charge and Bid-Ask Spread Charge to its margin methodology to augment its ability to manage the potential costs of liquidating a defaulted member's portfolio by collecting additional margin to cover such costs. This, in turn, could reduce the possibility that NSCC would need to mutualize among the non-defaulting members a loss arising out of the close-out process. Reducing the potential for loss mutualization could, in turn, reduce the potential knock-on effects to non-defaulting members, their customers, and NSCC arising out of a member default. Accordingly, the

Commission believes the Proposed Rule Change would promote the safeguarding of securities and funds which are in the custody or control of NSCC or for which NSCC is responsible, consistent with Section 17A(b)(3)(F) of the Act.

One commenter argues that the Proposed Rule Change is not in the public interest and would harm investors and small businesses by dampening small business capital formation and liquidity and discouraging trading activity, as discussed more fully below.⁴² The Commission disagrees that the proposal is not in the public interest. The Commission believes that the proposal should help protect investors and the public interest by mitigating some of the risks presented by NSCC as a CCP.

Because a defaulting member could place stresses on NSCC with respect to NSCC's ability to meet its clearance and settlement obligations upon which the broader financial system relies, it is important that NSCC has a strong margin methodology to limit NSCC's credit risk exposure in the event of a member default. As described above, the Proposed Rule Change would add two charges specifically designed to address risks that are not currently addressed in NSCC's margin methodology related to: (1) The potential costs that NSCC may incur when liquidating a portfolio that is concentrated in a particular security or group of securities with a similar risk profile, and (2) the potential costs that NSCC may incur to cover the bid-ask spread when liquidating a portfolio. These changes should help ensure that NSCC collects sufficient margin that is more commensurate with the risks associated with the potential concentration and bid-ask spread liquidation costs identified above, and thus more effectively cover its credit exposures to its members. By collecting margin that more accurately reflects the risk characteristics of such portfolios and the bid-ask spreads of securities they contain (*i.e.*, the potential associated costs of liquidating such portfolios), NSCC would be in a better position to absorb and contain the spread of any losses that might arise from a member default. Therefore, the proposal is designed to reduce the possibility that NSCC would need to call for additional resources from non-defaulting members due to a member default, which could inhibit the ability of these non-defaulting members to facilitate securities transactions. Accordingly, the Commission believes

that the proposal is designed to protect investors and the public interest by mitigating some of the risks presented by NSCC as a CCP.⁴³

One commenter asserts that the proposal dampens capital formation and liquidity and that firms and investors would stop participating in trades because of the proposal.⁴⁴ Specifically, the commenter states that broker-dealers would not be able to trade securities issued by small companies because the "insurance requirement" would be too high. In addition, the commenter states that investors would be dissuaded from trading in such securities. Overall, the commenter argues that the Proposed Rule Change is inconsistent with the Commission's mission of facilitating capital formation.

First, with respect to the comment regarding liquidity and capital formation, the Commission believes that limiting NSCC's exposure to its members by allowing NSCC to collect margin to address the two risks that are not currently addressed would benefit members due to NSCC's decreased exposure to losses resulting from a member default. Effectively mitigating such risks would, in turn, reduce the likelihood that NSCC would have to call on its members to contribute additional resources, which otherwise could be used by its members to facilitate securities transactions thereby providing liquidity to the securities markets. Thus, the Commission believes that NSCC's proposal, by helping non-defaulting members preserve their financial resources, could promote liquidity provision in such circumstances because these resources would be available to facilitate securities transactions.

Nevertheless, the Commission acknowledges that the proposal could result in an increase in the margin required to be collected from a member, which, in turn, may result in such member incurring additional costs to access needed liquidity. Despite these potential impacts, the Commission is not persuaded that the Proposed Rule Change would have a negative effect on small business capital formation such that it would be inconsistent with the public interest or, more broadly, the Commission's mission. To the extent that members incur funding costs

⁴¹ Specifically, the confidential Exhibit 3 submitted by NSCC includes, among other things, impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Spread Charges for each member, by both percentage and amount, a detailed methodology describing the calculation of the MLA and Bid-Ask Spread Charges, and information regarding how NSCC determined the appropriate methodology.

⁴² Letter from James C. Snow, President/CCO, Wilson-Davis & Co., Inc. (received September 30, 2020) at 1 ("Wilson-Davis Letter").

⁴³ See Securities Exchange Act Release No. 78961 (September 28, 2016), 81 FR 70786, 70849 (October 13, 2016) ("While central clearing generally benefits the markets in which it is available, clearing agencies can pose substantial risk to the financial system as a whole, due in part to the fact that central clearing concentrates risk in the clearing agency.").

⁴⁴ Wilson-Davis Letter at 4–5.

associated with additional margin, they may choose to distribute these costs across transactions in all securities for which they make markets rather than allocate those costs only to transactions in securities that require additional margin. Thus, the fact that members have flexibility in how they allocate costs could mitigate negative impacts, if any, on the liquidity and capital formation of a particular subset of issuers.

Both the MLA Charge and the Bid-Ask Spread Charge would apply to all securities cleared and settled at NSCC and would not be directed to any particular group of securities. The MLA Charge would only apply to portfolios where the market value of a member's positions in a certain asset group is large in comparison to the available trading volume of that asset group. Thus, the application of the charge depends on the particular mix of securities within the specified asset groups in a member's portfolio and does not depend solely on the presence of particular types of securities. The Bid-Ask Spread Charge would apply to all the securities in a member's portfolio and would not apply only to a particular type of security. The Commission acknowledges that the haircuts that would determine the Bid-Ask Spread Charge would, in part, consider the nature of the security, with the highest haircut percentages applicable to micro-cap and small-cap securities. However, based on its consideration of NSCC's determination of the haircut schedule, as informed by NSCC's analysis of bid-ask spread transaction costs using (1) the results of NSCC's annual member default simulation, and (2) market data sourced from a third-party data vendor, the Commission believes that the haircut schedule is appropriate given that such securities likely would exhibit larger bid-ask spreads, making the higher haircut more conservative and consistent with NSCC's regulatory requirements to collect margin commensurate with the risks presented by the securities.

Further, the Commission is not persuaded by the commenter's generalized statements on the potential impact on small business capital formation that could result from implementation of the Proposed Rule Change, which are lacking any specific data or analysis in support thereof. The Commission acknowledges the possibility that, as the commenter asserted, issuers of securities in smaller companies may experience a reduction in liquidity because of the increased margin requirements applicable to transactions in such securities.

Nevertheless, the Commission believes that small business issuers that are more liquid could benefit from greater access to capital to the extent that the proposal leads to a net increase in demand for more liquid securities and a net decrease in demand for less liquid securities. Further, the Commission does not agree with the commenter that investors would be dissuaded from trading in such securities. The Commission is aware of research suggesting that the stock prices of smaller companies fall in response to a reduction in liquidity until such securities provide an adequate desired return for investors.⁴⁵ Thus, as long as stock prices can adjust to reflect the reduced liquidity, affected small issuers may still be able to attract capital from investors, albeit at a higher cost that appropriately reflects the risks inherent in the clearance and settlement of the securities they issue. Moreover, to the extent that investment decisions are driven by other factors, such as the future prospects of specific companies, there might be no decrease in access to capital or little change in cost.

In addition, the commenter's arguments ignore the potential benefits to small businesses when their securities are eligible for central clearing by NSCC. As do other clearing agencies, NSCC provides a number of services that mitigate risk, reduce costs, and enhance processing efficiencies for the securities markets, market participants, issuers (including small issuers), and investors. By reducing NSCC's risk exposure to its members and thus the likelihood of its failure, the proposal helps ensure that NSCC would continue to provide such services, which would benefit securities markets, market participants, issuers (including small issuers), and investors. Thus, the commenter does not take into account any potential positive impacts on small business capital formation that may arise as a result of the Proposed Rule Change.

Second, the Commission is not persuaded that the Proposed Rule Change will not protect investors solely because of the potential for increased costs. The Commission notes that although the proposal may result in an increase in margin requirements for particular portfolios (as a result of the MLA Charge) and to reflect the bid-ask spread (as a result of the Bid-Ask Spread Charge), such an increase is designed to allow NSCC to reduce the risks when liquidating a portfolio in the event of a

member default. As a result, NSCC should be more resilient so that it can satisfy its obligations as a CCP, which facilitates the protection of investors by helping to ensure that investors receive the proceeds from their securities transactions. In addition, as discussed earlier, the Commission believes that the proposal should help protect investors and the public interest by mitigating some of the risks presented by NSCC as a CCP.

Therefore, notwithstanding the potential unspecified impact on capital formation in smaller and less liquid markets, as described above, the Commission believes that, in light of the potential benefits to investors arising from the Proposed Rule Change and the overall improved risk management at NSCC, the Proposed Rule Change is designed to protect investors and the public interest, consistent with Section 17A(b)(3)(F) of the Act.

Finally, one commenter asserted that the Proposed Rule Change would add impediments to the national system for clearance and settlement because it would create more complicated algorithms that slow the clearance process, burdens settlement and harms investors, firms and small businesses.⁴⁶ Based on the Commission's review of the materials that NSCC has filed in connection with this Proposed Rule Change and its general knowledge of the information technology systems and infrastructure in place at NSCC, the Commission concludes that the Proposed Rule Change would not slow the clearance and settlement process at NSCC. The Proposed Rule Change is designed to enable NSCC to address two risks that are not currently reflected in its margin methodology. The proposal introduces the MLA Charge as an additional margin component, and adds a Bid-Ask Spread Charge to NSCC's margin calculations. The Commission believes that these new margin charges will better enable NSCC to establish a risk-based margin system that (1) considers and produces margin levels commensurate with the risks associated with liquidating member portfolios in a default scenario, including decreased marketability of a portfolio's securities due to large positions in securities sharing similar risk profiles and bid-ask transaction costs, and (2) uses an appropriate method for measuring credit exposure that accounts for such risk factors and portfolio effects.⁴⁷ The operation of the risk-based margin

⁴⁶ *Id.* at 1, 5.

⁴⁵ See, e.g., Viral Acharya and Lasse H. Pedersen, 2005, Asset pricing with liquidity risk, *Journal of Financial Economics* 77(2) 375–410.

⁴⁷ See Securities Exchange Act Release No. 90034 (September 28, 2020), 85 FR 62342 (October 2, 2020) (File No. SR-NSCC-2020-804).

system, as amended by the proposal, would not interfere with the clearance and settlement of securities transactions. As a result, the proposal should not slow the clearance process, burden settlement or harm investors, firms and small businesses. Instead, the Proposed Rule Change should help ensure that NSCC will continue to perform its vital role to settle transactions on time and at their agreed upon terms in the event of a member default, which will better protect investors, firms, small businesses, and the broader financial system. Moreover, the Commission does not believe that the Proposed Rule Change would impose any additional impediments on the national system of clearance and settlement; the fact that the application of the revised margin methodology may, in some instances, result in increased margin requirements (as discussed in more detail in Section II.B below) does not constitute the imposition of such an impediment.

The commenter also argues that the Proposed Rule Change is an ineffective attempt by NSCC to address its credit risks.⁴⁸ The commenter argues that NSCC could address the risk directly by modifying the settlement timeline. According to the commenter, if the NSCC proposed rules that would eliminate the two-day settlement cycle in favor of immediate, same-day electronic settlement, the market risk exposure would be eliminated. The Commission disagrees with the commenter. The securities industry transitioned to the current two-day settlement cycle on September 5, 2017, only after a multi-year, industry-wide initiative⁴⁹ and the Commission's amendment of Rule 15c6–1.⁵⁰ Therefore, the commenter's suggestion that NSCC could unilaterally shorten the current two-day settlement to a same-day settlement cycle is not a feasible alternative to the Proposed Rule Change.

B. Consistency With Section 17A(b)(3)(I) of the Act

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the Act.⁵¹ This provision does not require the Commission to find that a proposed rule

change represents the least anti-competitive means of achieving the goal. Rather, it requires the Commission to balance the competitive considerations against other relevant policy goals of the Act.⁵²

Both commenters argue that the Proposed Rule Change would disproportionately impact member firms with lower operating margins or higher costs of capital.⁵³ The Commission acknowledges that the Proposed Rule Change could entail increased margin charges to some members, including members that invest in concentrated positions in securities sharing a common risk profile and members that invest in securities that have larger bid-ask spreads, which may include microcap and small cap securities. Nevertheless, as discussed above, the Proposed Rule Change would calculate the MLA Charge and Bid-Ask Spread Charge based on the composition of a member's portfolio, regardless of member size or type, and the charges would not target or apply solely to Illiquid Securities or securities with a smaller market capitalization. Instead, as discussed above in Sections I.B and I.C, both the MLA and Bid-Ask Spread Charges would serve to address particular potential costs that NSCC may incur when liquidating a portfolio in a member default. To the extent a particular member's margin would increase under the Proposed Rule Change, that increase would be based on the mix of securities that make up the

⁵² See *Bradford National Clearing Corp.*, 590 F.2d 1085, 1105 (D.C. Cir. 1978).

⁵³ See Wilson-Davis Letter at 4–5; Letter from Cass Sanford, Associated General Counsel, OTC Markets Group (September 11, 2020) at 2 (“OTC Letter”). One commenter further states that the Proposed Rule Change would double its required margin, based on an impact study it received from NSCC. (Wilson-Davis Letter at 2.) The commenter states that the impact study covered only one quarter of information and concludes that NSCC is making this decision based solely on that analysis. NSCC responds that the impact study cited in the Wilson-Davis Letter did not include any potential impacts of the Proposed Rule Change because that impact study was provided by NSCC to Wilson-Davis in connection with the separate Illiquid Securities Proposal. NSCC states that it conducted member outreach in August 2020, providing members with, among other things, an impact study on the Proposed Rule Change based on data from the first quarter of 2020. NSCC further states that the data show a total margin increase to NSCC members by an average of 5.3% from the proposed MLA Charge and by an average of 3.6% from the proposed Bid-Ask Spread Charge. See Letter from Timothy J. Cuddihy, Managing Director, DTCC Financial Risk Management (October 7, 2020) (“NSCC Letter”) at 2. Additionally, the confidential materials filed by NSCC as part of the Proposed Rule Change include an analysis of the impacts of both charges, by member, over the year-long time period June 2019 through May 2020. Based on the Commission's review of the impact analysis, the Proposed Rule Change would not cause any NSCC member's volatility charge to double.

member's portfolio and NSCC's requirement to collect margin to appropriately address the associated risks, which it currently does not do.

In addition, the Commission acknowledges that the impact of increased margin requirements may present higher costs to some members relative to others due to a number of factors, such as access to liquidity resources, cost of capital, business model, and applicable regulatory requirements. These higher relative burdens may weaken certain members' competitive positions relative to other members. However, some members, particularly those most affected by the change, may respond to increased margin requirements by adjusting their liquidity management and business models, such as by holding less concentrated positions or shifting liquidity provision towards securities that are less likely to incur the proposed charges.⁵⁴ Such effects may mitigate competitive effects on members. Moreover, the Commission also notes that NSCC is required to manage the risk presented by each member by establishing a risk-based margin system.⁵⁵ NSCC's members include a large and diverse population of entities. By participating in NSCC, each member is subject to the same margin methodology which is designed to satisfy NSCC's regulatory obligation to manage the risk presented by its members.

Moreover, the Commission believes that the Proposed Rule Change would not impose a burden on competition that is not necessary or appropriate in furtherance of the Act. As discussed above, NSCC faces the risk of liquidation costs when a member's portfolio contains large positions in securities sharing similar risk profiles. Similarly, NSCC faces the risk of costs that would materialize in connection with the bid-ask spread of the securities in a member's portfolio. Such costs are currently unaccounted for in NSCC's current margin methodology. NSCC has provided impact analyses demonstrating that the Proposed Rule Change would result in margin levels that better reflect the risks associated with (1) concentrated large positions in securities sharing a similar risk profile, and (2) bid-ask spread transaction costs than NSCC's current margin methodology. Since certain securities and portfolio compositions present NSCC with unique liquidation risks, the Commission believes it is appropriate

⁵⁴ See Section II.A *infra* (discussing capital formation).

⁵⁵ See 17 CFR 240.17Ad–22(e)(6)(i).

⁴⁸ Wilson-Davis Letter at 4.

⁴⁹ See Securities Exchange Act Release No. 78962 (September 28, 2016), 81 FR 69240, 69254 (October 5, 2016) (“Discussion of Current Efforts To Shorten the Settlement Cycle in the U.S.”).

⁵⁰ See Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017).

⁵¹ 15 U.S.C. 78q–1(b)(3)(I).

for NSCC to require members holding such securities or portfolio compositions to provide margin amounts commensurate with the identified risks. Thus, the Commission believes that the MLA Charge and Bid-Ask Spread Charge are margin requirements that represent an appropriate response to the risk characteristics of members' portfolio holdings, and not an undue burden on competition. Accordingly, the Commission believes that the Proposed Rule Change would help NSCC better maintain sufficient financial resources to cover its credit exposures to each member in full with a high degree of confidence. By helping NSCC to better manage its credit exposure, the Proposed Rule Change would help NSCC better mitigate the potential losses to NSCC associated with liquidating a member's portfolio in the event of a member default, in furtherance of NSCC's obligations under Section 17A(b)(3)(F) of the Act.

Additionally, the Commission notes that in order to avoid excessive MLA Charges, NSCC has identified circumstances that would warrant reducing a member's MLA Charge when NSCC could otherwise partially mitigate the relevant risks by extending the time period for liquidating a defaulted member's portfolio beyond the three day period. The Commission views this specific contemplation by NSCC of a targeted reduction in the MLA Charge as a feature of the Proposed Rule Change that demonstrates an approach towards managing the relevant risks through appropriate (*i.e.*, not simply "larger") margin requirements.

Therefore, for the reasons stated above, the Commission believes that the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(I) of the Act⁵⁶ because any competitive burden imposed by the proposal is necessary or appropriate in furtherance of the Act.

C. Consistency With Rule 17Ad-22(e)(4)(i)

Rule 17Ad-22(e)(4)(i) requires that NSCC 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 sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.⁵⁷

As described above in Section I.A and B, NSCC's current margin methodology does not account for the risk of a potential increase in market impact costs that NSCC could incur when liquidating a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. Additionally, as described above, NSCC's current margin methodology does not account for the risk of potential bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. NSCC proposes to address such risks by adding the MLA Charge and Bid-Ask Spread Charge to its margin methodology. Adding these margin charges to NSCC's margin methodology should better enable NSCC to collect margin amounts commensurate with the risk attributes of a broader range of its members' portfolios than NSCC's current margin methodology. Specifically, the MLA Charge should better enable NSCC to manage the risk of increased costs to NSCC associated with the decreased marketability of a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. Additionally, since NSCC's current margin methodology does not account for bid-ask spread transaction costs associated with liquidating a defaulted member's portfolio, the Bid-Ask Spread Charge should enable NSCC to manage such risks and costs.

One commenter suggests that the Proposed Rule Change is duplicative of a separate NSCC proposal regarding Illiquid Securities that is currently pending before the Commission.⁵⁸ The commenter argues that since both proposals include provisions that would affect margin levels with respect to Illiquid Securities, both proposals appear to address the same concerns. Therefore, the commenter suggests that instead of approving the Proposed Rule Change, the Commission should consolidate NSCC's associated Advance Notice together with the Illiquid Securities Proposal and extend the public comment period before the Commission makes a substantive determination. The Commission disagrees with the commenter. The Proposed Rule Change (and NSCC's associated Advance Notice) and the Illiquid Securities Proposal deal with separate and distinguishable aspects of NSCC's margin methodology, even if

there is a group of Illiquid Securities to which both proposals would apply. The Illiquid Securities Proposal is designed to amend the method by which NSCC determines the appropriate volatility component of margin for a particular security, *i.e.*, calculate appropriate margin to cover potential losses on a portfolio using historical, mid-point securities prices. The Proposed Rule Change is designed to address two specific risks that are not captured directly by historical mid-point security price movements that may arise specifically during the liquidation of a member's portfolio in the event of a default: (1) The potential added costs of liquidating large concentrated positions in a limited period of time, and (2) bid-ask spread transactions costs.

Specifically, the Illiquid Securities Proposal seeks to, among other things, more accurately identify securities that exhibit illiquid characteristics for margin purposes and to establish a separate haircut-based method for determining the margin for Illiquid Securities. NSCC's methodology for calculating the volatility component of a member's margin depends on the type of securities in the member's portfolio. As stated above, for most securities (*e.g.*, equity securities), NSCC calculates the volatility component using, among other things, a parametric VaR model, and the volatility component typically constitutes the largest portion of a member's required margin. However, securities with illiquid characteristics generally incur a wider degree of price variability and are less amenable to statistical analysis, and, as such, may merit a more conservative margining approach through a haircut-based method. The proposed haircut-based method is more conservative because it does not allow for inter-asset risk offsetting in the way that the VaR model does.

Accordingly, for certain securities that are less amenable to the statistical analysis provided in the VaR model, including Illiquid Securities, NSCC currently calculates a haircut-based volatility component by multiplying the absolute value of a member's positions in such securities by a certain percentage. NSCC's pending Illiquid Securities Proposal would, among other things, establish a separate haircut-based method for determining the volatility component of the margin for Illiquid Securities. Thus, the Illiquid Securities Proposal would alter the way in which NSCC determines the appropriate margin for Illiquid Securities.

In contrast, the Proposed Rule Change is not designed to define what

⁵⁶ 15 U.S.C. 78q-1(b)(3)(I).

⁵⁷ 17 CFR 240.17Ad-22(e)(4)(i).

⁵⁸ OTC Markets Letter at 1-2 (citing Securities Exchange Act Release No. 88615 (April 9, 2020), 85 FR 21037 (April 15, 2020) (SR-NSCC-2020-802) ("Illiquid Securities Proposal")).

constitutes an Illiquid Security under NSCC's Rules, and it would not alter the methodology by which NSCC determines the volatility component of the margin for any particular securities, including Illiquid Securities. Instead, with respect to the MLA Charge, the Proposed Rule Change relates to a new margin charge add-on that, if triggered, applies to all securities cleared at NSCC (*i.e.*, not solely to Illiquid Securities), and the proposed add-on is distinct from the underlying margin otherwise collected for all securities (including Illiquid Securities). Rather than addressing the volatility component of margin and the potential losses on a portfolio, as does the Illiquid Securities Proposal, the Proposed Rule Change is designed to address the discrete risks of a default liquidation scenario associated with (1) concentrated large positions in any type of security or group of securities sharing a similar risk profile, and (2) bid-ask spread transaction costs that are currently unaccounted for in NSCC's margin methodology. Moreover, the MLA Charge would not automatically be applied based on the security or type of security that is held; instead, it would only apply to concentrated positions that could be difficult to liquidate in a limited time in the event of a default. Because the Proposed Rule Change and the Illiquid Securities Proposal address wholly separate and distinct aspects of NSCC's margin methodology, the Commission disagrees with the commenter that the two proposals should be consolidated or otherwise disposed of together.

The Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to NSCC's margin methodology should enable NSCC to more effectively identify, measure, monitor, and manage its credit exposures in connection with liquidating a defaulted member's portfolio that may give rise to (1) decreased marketability due to large positions of securities sharing similar risk profiles, and (2) bid-ask spread transaction costs. Accordingly, the Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to NSCC's margin methodology would be consistent with Rule 17Ad-22(e)(4)(i) because these new margin charges should better enable NSCC to maintain sufficient financial resources to cover NSCC's credit exposure to its members fully with a high degree of confidence.⁵⁹

D. Consistency With Rules 17Ad-22(e)(6)

Rule 17Ad-22(e)(6)(i) requires that NSCC establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.⁶⁰ Rule 17Ad-22(e)(6)(v) requires that NSCC establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, uses an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products.⁶¹

As described above in Section I.A and B, NSCC's current margin methodology does not account for the potential increase in market impact costs when liquidating a defaulted member's portfolio where the portfolio contains a large position in securities sharing similar risk profiles. NSCC proposes to address this risk by adding the MLA Charge to its margin methodologies. To avoid excessive MLA Charges and ensure margin requirements are commensurate with the relevant risks, NSCC also contemplates reducing a member's MLA Charge when NSCC could otherwise partially mitigate the relevant risks by extending the time period for liquidating a defaulted member's portfolio beyond the three day period.

Additionally, as described above in Section I.C, NSCC's current margin methodology does not account for the risk of incurring bid-ask spread transaction costs when liquidating the securities in a defaulted member's portfolio. NSCC proposes to address this risk by adding the Bid-Ask Spread Charge to its margin methodology. Adding the MLA Charge and Bid-Ask Spread Charge to NSCC's margin methodology should better enable NSCC to collect margin amounts commensurate with the risk attributes of its members' portfolios than NSCC's current margin methodology. Specifically, the MLA Charge should better enable NSCC to manage the risk of increased costs to NSCC associated with the decreased marketability of a defaulted member's portfolio where the

portfolio contains a large position in securities sharing similar risk profiles. Moreover, the proposal to reduce the MLA Charge when NSCC could otherwise partially mitigate the relevant risks demonstrates how the proposal provides an appropriate method for measuring credit exposure, in that it seeks to take into account the particular circumstances related to a particular portfolio when determining the MLA Charge. Additionally, since NSCC's current margin methodology does not account for bid-ask spread transaction costs associated with liquidating a defaulted member's portfolio, the Bid-Ask Spread Charge should enable NSCC to manage such risks.

Accordingly, the Commission believes that adding the MLA Charge and Bid-Ask Spread Charge to NSCC's margin methodology would be consistent with Rules 17Ad-22(e)(6)(i) and (v) because these new margin charges should better enable NSCC to establish a risk-based margin system that (1) considers and produces relevant margin levels commensurate with the risks associated with liquidating member portfolios in a default scenario, including decreased marketability of a portfolio's securities due to large positions in securities sharing similar risk profiles and bid-ask transaction costs, and (2) uses an appropriate method for measuring credit exposure that accounts for such risk factors and portfolio effects.⁶²

One commenter argues that the Proposed Rule Change would burden members with margin requirements that are not commensurate with NSCC's actual risks, as evidenced by the lack of recent settlement losses, and instead are designed to mitigate imaginary risks.⁶³ In addition, the commenter argues that NSCC has not provided evidence of the need for the Proposed Rule Change, again citing the lack of recent settlement losses. However, as discussed above, the Commission believes that the proposed changes to NSCC's margin methodology would enable it to collect margin appropriately tailored to two particular risks that are not currently addressed in the existing margin methodology. The Commission does not agree that the fact that NSCC has not suffered recent settlement losses obviates the need for the Proposed Rule Change. Rule 17Ad-22(e)(6)(iii) requires that NSCC establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, calculates margin

⁵⁹ *Id.*

⁶⁰ 17 CFR 240.17Ad-22(e)(6)(i).

⁶¹ 17 CFR 240.17Ad-22(e)(6)(v).

⁶² 17 CFR 240.17Ad-22(e)(6)(i) and (v).

⁶³ Wilson-Davis Letter at 3, 5.

sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default.⁶⁴ Potential future exposure is, in turn, defined as the maximum exposure estimated to occur at a future point in time with an established single-tailed confidence level of at least 99 percent with respect to the estimated distribution of future exposure.⁶⁵ Thus, to be consistent with its regulatory requirements, NSCC must consider potential future exposure, which includes, among other things, losses associated with the liquidation of a defaulted member's portfolio. Based on its review and analysis of the Proposed Rule Change, including the confidential impact analyses demonstrating the overall effects that the proposed changes would have on the overall margin collected by NSCC and the confidential margin methodology (*i.e.*, the specific details of how NSCC would calculate its margin requirements under the proposed changes), in conjunction with the Commission's supervisory observations, the Commission believes that the proposed changes would better enable NSCC to collect margin commensurate with the different levels of risk that members pose to NSCC as a result of their particular portfolio, which is consistent with Rule 17Ad-22(e)(6)(i), and to calculate margin sufficient to cover its potential future exposure to its participants, which is consistent with Rule 17Ad-22(e)(6)(iii).

E. Consistency With Rules 17Ad-22(e)(23)(ii)

Rule 17Ad-22(e)(23)(ii)⁶⁶ requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.

Both commenters argue that the Proposed Rule Change fails to provide sufficient information to evaluate the necessity and impact of the proposal.⁶⁷ Specifically, one commenter argues that the proposal provides no explanation as to why NSCC's current margin formula is inadequate or how the proposed methodology would limit NSCC's exposure in the event of a member

default.⁶⁸ Another commenter stated that the Proposed Rule Change does not comply with Rule 17Ad-22(e)(23)(ii), asserting that NSCC has not performed the "requisite analysis" or gathered sufficient data to fully understand the impact of the proposal.⁶⁹

The Commission disagrees with the commenters that the Proposed Rule Change does not provide sufficient information to understand the potential costs associated with participating in NSCC, based on the materials reflected in the Proposed Rule Change.⁷⁰ When considering the issues raised in the

⁶⁸ See OTC Letter at 2.

⁶⁹ See Wilson-Davis Letter at 2-3. Contrary to the commenter's implication, Rule 17Ad-22(e)(23) does not prescribe any specific data or analysis that a covered clearing agency, like NSCC, must perform when making changes to its margin methodology. Moreover, as discussed above in note 41, NSCC has provided confidential impact analyses covering a one-year time period to demonstrate the potential impact of the Proposed Rule Change on its members.

In addition, the commenter references Rule 17Ad-22(e)(23)(iii), which requires a covered clearing agency, like NSCC, to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide basic transaction volume and values. See Wilson-Davis Letter at 2. However, the information described by the commenter would not constitute basic data on transaction volumes and values, as required by the rule, and instead would appear to refer to more detailed analysis of the impacts of particular margin methodologies. Moreover, NSCC publicly provides data on transaction volumes and values in its quantitative disclosures, which are available at <https://www.dtcc.com/legal/policy-and-compliance>.

⁷⁰ One commenter argues that the proposal is generally unclear, overly technical and complicated, inappropriately relies on information provided by NSCC to the Commission confidentially, and thus prevents the public from fully evaluating and providing meaningful comment on the proposal. As stated above, the Commission believes that the proposal adequately explains why the current methodology is inadequate (*i.e.*, it does not address certain specific risks), and how the proposed methodology would address this issue (*i.e.*, via the MLA Charge and Bid-Ask Spread Charge). Additionally, the Commission does not believe that the Proposed Rule Change is overly technical and complicated. The process of measuring the risks involved with various member portfolio compositions to determine appropriate margin levels is technical, complex, and does not distill into a simple formula. Instead, the process often must utilize sophisticated risk models and calculations. NSCC has described the methodology that it would use to determine the margin to address these specific risks with sufficient specificity to allow a member to understand the types of portfolios that would be subject to an additional MLA Charge and to understand the haircuts that would apply to determine the Bid-Ask Spread Charge.

Moreover, the Commission believes that NSCC appropriately submitted Exhibit 3 to the filing confidentially because it includes detailed member-level margin data and other proprietary information. Under its Rules, NSCC is not permitted to disclose member-level information. See Rule 49 of the Rules, *supra* note 10. NSCC requested confidential treatment of such materials and its underlying detailed methodology documentation, consistent with the applicable regulatory requirements. See 17 CFR 240.24b-2.

Proposed Rule Change, the Commission thoroughly reviewed (1) the Proposed Rule Change, including the supporting exhibits that provided, among other things, confidential impact analyses regarding the proposals in the Proposed Rule Change; (2) the comment letters; and (3) the Commission's own understanding of NSCC's margin methodology, with which the Commission has experience from its general supervision of NSCC. Based on its review of these materials, the Commission believes that, as described in the Notice, NSCC has done exactly what the commenters seek, in that the proposal explains why the current methodology is inadequate (*i.e.*, it does not address these particular risks), and how the proposed methodology would address this issue (*i.e.*, by including add-on charges designed to address these particular risks). As described in the Notice and noted above, NSCC's current margin methodology neither accounts for the risk of a potential increase in market impact costs that NSCC could incur when liquidating a defaulted member's portfolio that contains a concentration of large positions, as compared to the overall market, nor does NSCC's current margin methodology account for this risk of potential bid-ask spread transaction costs in connection with liquidating a defaulted member's portfolio. The Proposed Rule Change is designed to address these specific risks and limit NSCC's exposure in the event of a member default.

The Proposed Rule Change describes how NSCC would determine the MLA and Bid-Ask Spread Charges. For both charges, the Proposed Rule Change identifies the relevant asset groupings that NSCC would utilize. For the MLA Charge, NSCC has described how the charge would depend on whether a member holds large aggregate positions in an asset group. Thus, a member should be able to consider whether its positions would likely trigger the MLA Charge in light of the relevant holdings in its portfolio. For the Bid-Ask Spread Charge, NSCC has identified that the charge would be determined by application of a haircut and provided a schedule of the applicable haircuts. Thus, a member should be able to understand what the charge would be for a particular security. In addition, NSCC represented that in August 2020, NSCC provided all its Members with the results of an impact study regarding the potential impacts of both the Illiquid Securities Proposal and the MLA Proposal and clearly delineated between the impacts of these separate

⁶⁴ 17 CFR 240.17Ad-22(e)(6)(iii).

⁶⁵ 17 CFR 240.17Ad-22(a)(13).

⁶⁶ 17 CFR 240.17Ad-22(e)(23)(ii).

⁶⁷ See OTC Letter at 2; Wilson-Davis Letter at 1, 4-5.

proposals.⁷¹ NSCC also included a written summary of the MLA Proposal and offered to schedule a call to discuss these proposals and their potential impacts.⁷² Moreover, NSCC has provided impact analyses demonstrating that the Proposed Rule Change would result in margin levels that better reflect the risks associated with (1) concentrated large positions in securities sharing a similar risk profile, and (2) bid-ask spread transaction costs than NSCC's current margin methodology. Accordingly, the Commission believes that NSCC has demonstrated the operation and impact of the Proposed Rule Change, *i.e.*, that it would help NSCC better maintain sufficient financial resources to cover its credit exposures to each member in full with a high degree of confidence.

Moreover, to provide transparency and assist members in understanding their margin requirements, NSCC maintains the NSCC Risk Management Reporting application on the Participant Browser Service ("PBS") and the NSCC Risk Client Portal ("Portal"), which will include this Proposed Rule Change once it is implemented.⁷³ The PBS is a member-accessible website portal for accessing reports and other disclosures. The Risk Management Reporting application enables a member to view and download margin requirement information and component details, including issue-level margin information related to start of day volatility charges and mark-to-market, intraday exposure, and other components. Members are able to view and download spreadsheets that contain market amounts for current clearing positions and the associated volatility charges. In addition, NSCC represents that the Portal provides members the ability, for information purposes, to view and analyze certain risks relating to their portfolios, including calculators to assess the risks and margin impacts of certain activities and to compare their portfolios to historical and average values.

NSCC further maintains the NSCC Client Calculator on the Portal that provides functionality for members to enter "what-if" position data and to recalculate their volatility charges to

determine margin impact pre-trade. In other words, this calculator allows members to see the impact to the volatility charge if specific transactions are executed, or to anticipate the impact of an increase or decrease to a current clearing position. Using this calculator, members have the ability to download the Client Calculator portfolio detail to modify a current margin portfolio, upload the portfolio to run a margin calculation, and view position level outputs in order to make informed risk management and execution decisions.

Taken together, these tools should allow members to understand how these charges would affect their portfolios. Accordingly, notwithstanding the comments, the Commission believes that the Proposed Rule Change is not inconsistent with Rule 17Ad-22(e)(23)(ii).⁷⁴

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

Send an email to rule-comments@sec.gov. Please include File Number SR-NSCC-2020-016 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-NSCC-2020-016. 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 such filings will also be available for inspection and copying at the principal office of NSCC and NSCC's website at <https://www.dtcc.com/legal>.

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-NSCC-2020-016 and should be submitted on or before November 10, 2020.

IV. Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,⁷⁵ to approve the Proposed Rule Change, as modified by Amendment Nos. 1 and 2, prior to the thirtieth day after the date of publication of Amendment No. 2 in the **Federal Register**. As noted above, in Amendment No. 2, NSCC updated the confidential Exhibit 3 to the Proposed Rule Change to include impact analysis data with respect to the Proposed Rule Change. Specifically, Amendment No. 2 includes impact studies for various time periods detailing the average and maximum MLA and Bid-Ask Charges for each member, by both percentage and amount. The Commission believes that the member-level data in Amendment No. 2 warrants confidential treatment. Amendment No. 2 neither modifies the Proposed Rule Change as originally published in any substantive manner, nor does Amendment No. 2 affect any rights or obligations of NSCC or its members. Instead, Amendment No. 2 provides the Commission with information necessary to evaluate whether the Proposed Rule Change is consistent with the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,⁷⁶ to approve the Proposed Rule Change, as modified by Amendment Nos. 1 and 2, prior to the thirtieth day after the date of publication of notice of Amendment No. 2 in the **Federal Register**.

V. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change, as modified by

⁷¹ NSCC Letter at 2.

⁷² *Id.* More generally, NSCC stated that it routinely reaches out to members that may be impacted by its proposals. This outreach includes impact study results and an offer to discuss those results and the underlying proposal. *Id.*

⁷³ See Letter from Timothy J. Cuddihy, Managing Director DTCC Financial Risk Management, submitted in response to comments on the Illiquid Securities Proposal, available at, <https://www.sec.gov/comments/sr-nscc-2020-802/srnscc2020802.htm>.

⁷⁴ 17 CFR 240.17Ad-22(e)(23)(ii).

⁷⁵ 15 U.S.C. 78s(b)(2)(C)(iii).

⁷⁶ *Id.*

Amendment Nos. 1 and 2, is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁷⁷ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act⁷⁸ that Proposed Rule Change SR–NSCC–2020–016, as modified by Amendment Nos. 1 and 2, be, and hereby is, *approved* on an accelerated basis.⁷⁹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸⁰

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90186; File No. SR–PEARL–2020–19]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the MIAx PEARL Equities Fee Schedule To Adopt Connectivity Fees, Port Fees, a Technical Support Request Fee, and Historical Market Data Fee

October 14, 2020.

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 October 5, 2020, MIAx PEARL, LLC (“MIAx PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAx PEARL Equities Fee Schedule (the “Fee Schedule”) by adopting fees applicable to participants trading equity securities on and/or using

services provided by MIAx PEARL Equities.³ The proposed fees are scheduled to become operative September 25, 2020.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/pearl> at MIAx PEARL’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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On August 14, 2020, the Commission approved the Exchange’s proposal to adopt rules governing the trading of equity securities, referred to as MIAx PEARL Equities.⁴ The Exchange expects to launch MIAx PEARL Equities on September 25, 2020. The Exchange now proposes to adopt a Definitions section in the Fee Schedule as well as the following fees in anticipation of the launch of MIAx PEARL Equities: (1) Connectivity fees for Equity Members⁵ and non-Members; (2) Port fees (together with the proposed connectivity fees, the “Proposed Access Fees”); (3) a Technical Support Request fee; and (4) a fee for Historical Market Data (collectively, the “Proposed Fees”).⁶

³ See Exchange Rule 1901. The Exchange notes that it submitted a separate filing with the Commission pursuant to Section 19(b)(3)(A) of the Act to establish the Fee Schedule and adopt transaction fees. See SR–PEARL–2020–17 (filed September 24, 2020).

⁴ See Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR–PEARL–2020–03) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Establish Rules Governing the Trading of Equity Securities) (“Approval Order”).

⁵ The term “Equity Member” means a Member authorized by the Exchange to transact business on MIAx PEARL Equities. See Exchange Rule 1901.

⁶ The Exchange initially filed the proposed fee changes on September 24, 2020 (SR–PEARL–2020–18). On October 5, 2020, the Exchange withdrew that filing and submitted this filing.

MIAx PEARL Equities, as a new entrant into the equity securities marketplace, has no revenues and no market share. The Exchange believes that exchanges, in setting fees of all types, should meet very high standards of transparency to demonstrate why each new fee or fee increase meets the requirements of the Act that fees be reasonable, equitably allocated, not unfairly discriminatory, and not create an undue burden on competition among members and markets. The Exchange believes this high standard is especially important when an exchange imposes various access fees for market participants to access an exchange’s marketplace. The Exchange believes that it is important to demonstrate that these fees are based on its costs and reasonable business needs. Accordingly, the Exchange believes the Proposed Fees in general, and the Proposed Access Fees in particular, will allow the Exchange to offset a portion of the expenses the Exchange has and will incur and that the Exchange has provided sufficient transparency (as described below) into how the Exchange determined to charge such fees.

Definitions

The Exchange proposes to include a Definitions section at the beginning of the Fee Schedule, before the General Notes section. The purpose of the Definitions section is to provide market participants greater clarity and transparency regarding the applicability of fees and rebates by defining terms used within the Fee Schedule in a single location. The Exchange notes that other equities exchanges include Definitions sections in their respective fee schedules,⁷ and the Exchange believes that including a Definitions section in the front of the Fee Schedule makes the Fee Schedule more user-friendly and makes the Fee Schedule more comprehensive.

Unless included in the Definition section, capitalized terms used in the Fee Schedule are defined in the MIAx PEARL Equities Rules. Each of the definitions proposed to be included in the Fee Schedule are based on definitions included in the existing MIAx PEARL fee schedule applicable to options or those of another exchange. The Exchange proposes to define the following terms in the Fee Schedule:

- “Cross-connect” occurs when the affected third-party system is sited at the same data center where MIAx

⁷ See Cboe BZX Exchange, Inc. Fee Schedule, Definitions section; Cboe BYX Exchange, Inc., Definitions section; Cboe EDGA Exchange, Inc., Definitions section; Cboe EDGX Exchange, Inc., Definitions section.

⁷⁷ 15 U.S.C. 78q–1.

⁷⁸ 15 U.S.C. 78s(b)(2).

⁷⁹ In approving the proposed rule change, the Commission considered the proposals’ impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f). See also supra note 43 and accompanying text.

⁸⁰ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

PEARL Equities systems are sited, and the third-party connects to MIAx PEARL Equities through the data center, rather than connecting directly to MIAx PEARL Equities outside of the data center.

- “Exchange System Disruption” means an outage of a Matching Engine or collective Matching Engines for a period of two consecutive hours or more, during trading hours.

- “Extranet Provider” means a technology provider that connects with MIAx PEARL Equities systems and in turn provides such connectivity to MIAx PEARL Equities participants that do not connect directly with MIAx PEARL Equities.

- “FIX Order by Order” means a type of FXD Port that sends all order activities other than reject message, including Execution Reports and Trade Cancel/Correct messages.

- “FIX Order Interface” or “FOI” means the Financial Information Exchange interface for certain order types as set forth in Exchange Rule 2614.

- “FIX Port” means a FIX port that allows Equity Members to send orders and other messages using the FIX protocol.

- “Full Service Port” or “FSP” means an MEO port that supports all MEO order input message types.

- “FIX Drop Port” or “FXD” means a messaging interface that provides real-time order activities of firms’ MEO and FOI orders. MIAx PEARL Equities offers two types of FXD ports: (1) Standard FIX Drop; and (2) FIX Order by Order Drop. FXD Ports may be used by Equities Market Makers, Order Entry Firms and clearing firms.

- “MENI” means the MIAx Express Network Interconnect, which is a network infrastructure which provides Equity Members and non-Members network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange. The MENI consists of the low latency and ultra-low latency (“ULL”) connectivity options set forth in the Exchange’s Fee Schedule.

- “MEO Interface” or “MEO” means a binary order interface for certain order types as set forth in Rule 516 into the MIAx PEARL System. See Exchange Rule 100.

- “Service Bureau” means a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system.

- “Standard FIX Drop” means an FXD Port that only sends trade information, including Execution

Reports and Trade Cancel/Correct messages.

- “Third Party Vendor” means a subscriber of MIAx PEARL Equities’ market and other data feeds, which they in turn use for redistribution purposes.

- “Waiver Period” means, for each applicable fee, the period of time from the initial effective date of the MIAx PEARL Equities Fee Schedule until such time that MIAx PEARL has an effective fee filing establishing the applicable fee. MIAx PEARL Equities will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and effective date of any such applicable fee.

Proposed Access Fees

To provide market participants with a better understanding of how the Exchange has established the levels of the Proposed Access Fees, the Exchange is providing information in this proposal regarding the costs incurred by the Exchange to provide services associated with the Proposed Access Fees, including the Exchange’s cost allocation methodology (information that explains the Exchange’s rationale for determining that it was reasonable to allocate certain expenses described in this filing towards the total cost to the Exchange to provide the services associated with the Proposed Access Fees). The Exchange is also providing an analysis of its expected revenues and profitability (following the proposed fee change) for the services associated with the Proposed Access Fees.

In order to determine the Exchange’s costs for providing the services associated with the Proposed Access Fees, the Exchange conducted an extensive review in which the Exchange analyzed every expense item in the Exchange’s general expense ledger to determine whether each such expense relates to the services associated with the Proposed Access Fees, and, if such expense did so relate, what portion (or percentage) of such expense actually supports those services. The sum of all such portions of expenses represents the total cost of the Exchange to provide the services associated with the Proposed Access Fees. For the avoidance of doubt, no expense amount was allocated twice.

Since MIAx PEARL Equities did not exist in 2019 (operations are expected to launch on September 25, 2020), the Exchange’s most recent publicly available financial statement (2019 Audited Unconsolidated Financial Statement) is not an accurate reflection of the total annual costs associated with the development and operation of MIAx

PEARL Equities. Accordingly, the Exchange believes it is more appropriate justify its fees using cost figures that are isolated specifically for MIAx PEARL Equities on an annualized basis, utilizing its 2020 actual (to date) and projected (for the remainder) costs, as described herein. The purpose of presenting it in this manner is to provide greater transparency into the Exchange’s actual and expected revenues, costs, and profitability associated with providing the services associated with the Proposed Access Fees. Based on this analysis, the Exchange believes that the Proposed Access Fees are fair and reasonable because they will permit recovery of less than all of the Exchange’s costs for providing the services associated with the Proposed Access Fees and will not result in excessive pricing or supra-competitive profit when comparing the Exchange’s total annual expense associated with providing the services associated with the Proposed Access Fees versus the total projected annual revenue the Exchange will collect for providing those services.

Connectivity Fees

Specifically, proposed Sections 2(a) and (b) of the Fee Schedule describe network connectivity fees for the 1 Gigabit (“Gb”) ultra-low latency (“ULL”) fiber connection and the 10Gb ULL fiber connection, which are to be charged to both Equity Members and non-Members of MIAx PEARL Equities for connectivity to the Exchange’s primary/secondary facility. The Exchange also proposes to adopt network connectivity fees for the 1Gb ULL and 10Gb ULL fiber connections for connectivity to the Exchange’s disaster recovery facility.

The Exchange will offer to both Equity Members and non-Members various bandwidth alternatives for connectivity to MIAx PEARL Equities, to its primary and secondary facilities, which consists of a 1Gb ULL fiber connection and a 10Gb ULL fiber connection. The Exchange also offers to both Equity Members and non-Members various bandwidth alternatives for connectivity to the disaster recovery facility of MIAx PEARL Equities, which consists of a 1Gb ULL fiber connection and a 10Gb ULL connection.

The Exchange proposes to establish the monthly network connectivity fees for such connections for both Equity Members and non-Members. The Exchange proposes to adopt the following fees for connectivity to MIAx PEARL Equities’ primary/secondary facility for both Equity Members and non-Members: (a) \$1,000 for the 1Gb

ULL connection; and (b) \$3,500 for the 10Gb ULL connection. The Exchange proposes to adopt the following fees for connectivity to MIAX PEARL Equities' disaster recovery facility for both Equity Members and non-Members: (a) \$1,000 for the 1Gb ULL connection; and (b) \$3,000 for the 10Gb ULL connection.

Monthly network connectivity fees for Equity Members and non-Members for connectivity with the primary/secondary facility will be assessed in any month the Equity Member or non-Member is credentialed to use any of the MIAX PEARL Equities Application Programming Interfaces ("APIs") or market data feeds in the production environment and will be pro-rated when an Equity Member or non-Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Equity Member or non-Member has been credentialed to utilize any of the MIAX PEARL Equities' APIs or market data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly network connectivity fees for Equity Members and non-Members for connectivity to the Disaster Recovery Facility will be assessed in each month during which the Equity Member or

non-Member has established connectivity to the Disaster Recovery Facility.

Proposed Section 2(c) of the Fee Schedule, Pass-Through of External Connectivity Fees, provides for the pass through of external connectivity fees (described below) to Equity Members and non-Members that establish connections with MIAX PEARL Equities through a third-party. Fees assessed to MIAX PEARL Equities by third-party external vendors on behalf of an Equity Member or non-Member connecting to MIAX PEARL Equities (including cross-connects), will be passed through to the Equity Member or non-Member. The external connectivity fees passed through can include one-time set-up fees, monthly charges, and other fees charged to MIAX PEARL Equities by a third-party for the benefit of an Equity Member or non-Member.

Port Fees

Proposed Section 2(d), Port Fees, of the Fee Schedule describes fees for access and services used by Equity Members and non-Members. MIAX PEARL Equities provides three Port types: (i) the Financial Information Exchange Port ("FIX Port"), which allows Equity Members to send orders and other messages using the FIX protocol;⁸ (ii) the MIAX Express Orders

Interface ("MEO Port"), which allows Equity Members order entry capabilities to all MIAX PEARL Equities Matching Engines;⁹ and (iii) the FIX Drop Port ("FXD Port"), which provides real-time order activities firms' MEO and FOI orders. MIAX PEARL Equities offers two types of FXD ports: (1) Standard FIX Drop;¹⁰ and (2) FIX Order by Order.¹¹ FXD Ports may be used by Equities Market Makers,¹² Order Entry Firms¹³ and clearing firms.

The Exchange proposes to assess monthly Port fees to Equity Members in each month the Equity Member is credentialed to use a Port in the production environment. MIAX PEARL Equities has primary and secondary data centers and a disaster recovery center. Each Port provides access to all Exchange data centers for a single fee. The Exchange notes that, unless otherwise specifically set forth in the Fee Schedule, the Port fees include the information communicated through the Port. That is, unless otherwise specifically set forth in the Fee Schedule, there is no additional charge for the information that is communicated through the Port apart from what the user is assessed for each Port. The Exchange proposes to assess Port Fees for FIX Ports, MEO Ports, and FXD Ports as set forth in the following table:

Type of port	Monthly port fees includes connectivity to the primary, secondary and disaster recovery data centers
FIX Port [^]	Per Port: 1st–5th Fee Waived for the Waiver Period. 6th–10th Fee Waived for the Waiver Period. 11th–25th Fee Waived for the Waiver Period. 26th–50th \$450. 51st–75th \$400. 76th–100th \$350. 101st or more \$300.
MEO Port ^{^*}	Per Port: 1st–5th Fee Waived for the Waiver Period. 6th–10th Fee Waived for the Waiver Period. 11th–25th Fee Waived for the Waiver Period. 26th–50th \$450. 51st–75th \$400. 76th–100th \$350. 101st or more \$300.
FXD Port [^]	Fee Waived for the Waiver Period.

[^] Each port will have access to all Matching Engines.

^{*} The rates set forth above for MEO Ports entitle an Equity Member to one (1) FSP and one (1) Priority Purge Port for all Matching Engines for a single port fee.

⁸ "FIX Order Interface" or "FOI" means the Financial Information Exchange interface for certain order types as set forth in Exchange Rule 2614. See the Definitions section of the Fee Schedule.

⁹ Each MEO interface will have one Full Service Port ("FSP") and one Priority Purge Port. "Full Service Port" or "FSP" means an MEO port that supports all MEO order input message types. See the Definitions section of the Fee Schedule.

¹⁰ "Standard FIX Drop" means an FXD Port that only sends trade information, including Execution Reports and Trade Cancel/Correct messages. See the Definitions section of the Fee Schedule.

¹¹ "FIX Order by Order" means a type of FXD Port that sends all order activities other than reject message, including Execution Reports and Trade Cancel/Correct messages. See the Definitions section of the Fee Schedule.

¹² The term "Equities Market Maker" shall mean an Equity Member that acts as a Market Maker in equity securities, pursuant to Chapter XXVI. See Exchange Rule 1901.

¹³ The term "Equities Order Entry Firm", "Order Entry Firm", or "OEF", shall mean those Equity Members representing orders as agent on MIAX PEARL Equities and those non-Equity Market Maker Members conducting proprietary trading. See Exchange Rule 1901.

- MEO and FIX Ports are counted separately for the tiers in the table.

The Exchange proposes to waive the fee for the 1st through the 25th FIX Ports and MEO Ports that Equity Members are credentialed to use, as well as the fees for all FXD Ports, for the Waiver Period.¹⁴ For all Port fees that the Exchange initially proposes to be subject to the Waiver Period, the Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though most of the Port fees are waived during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount in certain areas, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

Equity Member and Non-Member Technical Support Request Fee

Proposed Section 2(e), Member and Non-Member Technical Support Request Fee, of the Fee Schedule describes the technical support request fee to be charged to both Equity Members and non-Members that request technical support at any of the MIAX PEARL Equities data centers. MIAX PEARL Equities proposes to charge a fee of \$200 per hour for requested technical support. The Exchange intends to provide Equity Members and non-Members access to the Exchange's on-site data center personnel for technical support as a convenience to the Equity Members and non-Members to test or otherwise assess their connectivity to the Exchange. Currently, the Exchange charges the same fee amount for the same services for options trading, as well as at its affiliate option exchanges, Miami International Securities Exchange, LLC ("MIAX") and MIAX Emerald, LLC ("MIAX Emerald").¹⁵

¹⁴ "Waiver Period" means, for each applicable fee, the period of time from the initial effective date of the MIAX PEARL Equities Fee Schedule until such time that MIAX PEARL has an effective fee filing establishing the applicable fee. MIAX PEARL Equities will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and effective date of any such applicable fee. See the Definitions section of the Fee Schedule.

¹⁵ See MIAX Fee Schedule, Section 5(f), Member and non-Member Technical Support Request Fee; MIAX PEARL Fee Schedule, Section 5(f), Member and non-Member Technical Support Request Fee; and MIAX Emerald Fee Schedule, Section 5(f),

Market Data Fees

Proposed Sections 3(a)–(c) describe the fee to be charged for the Exchange's proprietary market data products. MIAX PEARL Equities intends to offer the following three proprietary market data products: (a) Top of Market ("ToM") feed; (b) Depth of Market ("DoM") feed; and (c) the Historical Market Data feed.

The ToM feed is a data feed that contains the price and aggregate size of displayed top of book quotations, order execution information, and administrative messages for orders entered on MIAX PEARL Equities. The DoM feed is a data feed that contains the displayed price and size of each order entered on MIAX PEARL Equities, as well as order execution information, order cancellations, order modifications, order identification numbers, and administrative messages.

The Exchange proposes to provide under Sections 3(a) and 3(b) of the Fee Schedule that the ToM and DoM would be offered free of charge during the Waiver Period. Even though the fees for the ToM and DoM data feeds are waived during the Waiver Period, the Exchange believes that is appropriate to provide market participants with notice of these feeds on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

The Exchange will also offer Historical Data for MIAX PEARL Equities, which is a data product that offers historical market data for orders entered on MIAX PEARL Equities upon request. The Exchange proposes to charge a modest fee for the Historical Data, which will be based on the cost incurred by the Exchange in providing that data. Proposed Section 3(c) of the Fee Schedule describes the fee to be charged market participants that request Historical Data from MIAX PEARL Equities. Historical Data is intended to aid market participants in analyzing trade and volume data, evaluating historical trends in the trading activity of a particular security, and enabling those market participants to test trading models and analytical strategies. Specifically, Historical Data includes all data that is captured and disseminated on ToM and DoM feeds and is available on a T+1 basis.¹⁶

The Exchange will only assess the fee for Historical Data on a user (whether Equity Member or non-Member) that

Member and non-Member Technical Support Request Fee.

¹⁶ See Fee Schedule, Section 3(c).

specifically requests such Historical Data. Historical Data will be uploaded onto an Exchange-provided device, which the Exchange will incur a cost to procure and provide to those that request the data.

The Exchange proposed to charge a flat fee of \$500 per device requested. Each device shall have a maximum storage capacity of 8 terabytes. Users may request up to six months of Historical Data per device, subject to the device's storage capacity. Historical Data will be made available beginning from the time of launch of MIAX PEARL Equities on September 25, 2020 (always on a T+1 basis). However, only the most recent six months of Historical Data shall be available for purchase from the request date.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁷ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange Members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹⁹ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

On March 29, 2019, the Commission issued its Order Disapproving Proposed Rule Changes to Amend the Fee Schedule on the BOX Market LLC Options Facility to Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network (the "BOX Order").²⁰ On May 21, 2019, the Commission issued the Staff Guidance on SRO Rule Filings Relating to Fees.²¹

The Exchange believes that the Proposed Fees are consistent with the

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(4).

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ See Securities Exchange Act Release No. 85459 (March 29, 2019), 84 FR 13363 (April 4, 2019) (SR-BOX-2018-24, SR-BOX-2018-37, and SR-BOX-2019-04).

²¹ See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019), at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees> (the "Guidance").

Act because they (i) are reasonable, equitably allocated, not unfairly discriminatory, and not an undue burden on competition; (ii) comply with the BOX Order and the Guidance; (iii) are supported by evidence (including data and analysis), constrained by significant competitive forces; and (iv) are supported by specific information (including quantitative information), fair and reasonable because they will permit recovery of the Exchange's costs (less than all) and will not result in excessive pricing or supra-competitive profit. Accordingly, the Exchange believes that the Commission should find that the Proposed Fees are consistent with the Act.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."²²

The Exchange believes its proposal to include a Definitions section in the Fee Schedule promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange believes that the proposal to adopt a Definitions section in the beginning of the Fee Schedule will provide greater clarity to Equity Members, non-Members, market participants and the public regarding the Exchange's fees and rebates, and it is in the public interest for the Fee Schedule to be transparent, comprehensive and user-friendly so as to eliminate the potential for confusion.

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act, in that the Proposed Fees are fair, equitable and not unreasonably discriminatory, because the fees, as proposed, are constrained by significant competitive forces. The U.S. equity securities markets are highly competitive (there are currently 16 equity markets) and a reliance on competitive markets is an appropriate

means to ensure equitable and reasonable prices.

MIAX PEARL Equities has not yet launched trading, with operations planned to commence on September 25, 2020. Thus, the Exchange has a 0% market share of the equity securities industry. Market share of 0% clearly does not provide the Exchange with anti-competitive pricing power.

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the Proposed Access Fees will permit recovery (less than all) of the Exchange's costs and will not result in excessive or supra-competitive profit. The Proposed Access Fees will allow the Exchange to recover a portion (less than all) of the costs incurred by the Exchange associated with providing and maintaining the necessary hardware and other infrastructure as well as network monitoring and support services in order to provide the services associated with the Proposed Access Fees. The Exchange believes that it is reasonable and appropriate to establish its fees charged for the services associated with the Proposed Access Fees at levels that will partially offset the costs to the Exchange associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the U.S. equities industry.

The costs associated with building out and maintaining a state-of-the-art network infrastructure are extensive. This is due to several factors, including costs associated with maintaining and expanding a team of highly-skilled network engineers, fees charged by the Exchange's third-party data center operator, costs associated with projects and initiatives designed to improve overall network performance and stability through the Exchange's research and development ("R&D") efforts, and costs associated with fully-supporting advances in infrastructure and expansion of network level services, including customer monitoring, alerting and reporting. The Exchange incurs significant technology expense related to establishing and maintaining Information Security services, enhanced network monitoring and customer reporting, as well as Regulation SCI mandated processes, associated with its network technology. While some of the expense is fixed, much of the expense is not fixed, and thus increases as the number of connections and ports increase. For example, new 1Gb ULL and 10Gb ULL connections require the purchase of additional hardware to support those connections as well as enhanced monitoring and reporting of customer performance that the

Exchange and its affiliates provide. Further, 10Gb ULL connections require the purchase of specialized, more costly hardware. As the total number of all connections increase, the Exchange needs to increase its data center footprint and consume more power, resulting in increased costs charged by its third-party data center providers. Accordingly, the cost to the Exchange to provide access to its network and trading infrastructure is not entirely fixed.

Further, because the costs of operating a data center are significant and not economically feasible for the Exchange, the Exchange does not operate its own data centers, and instead contracts with a third-party data center provider. The Exchange notes that larger, well-established exchange operators own/operate their data centers, which offers them greater control over their data center costs. Because those exchanges own and operate their data centers as profit centers, the Exchange is subject to additional costs. Fees for the services associated with the Proposed Access Fees, which are charged for accessing the Exchange's data center network infrastructure, are directly related to the network and offset such costs.

Further, the Exchange invests significant resources in network R&D to continuously improve the overall performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to Equity Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify an Equity Member (and the SIPs) when the Exchange detects a problem with an Equity Member's connectivity. In fact, the Exchange's affiliate options exchanges, MIAX and MIAX Emerald, often receive inquiries from other industry participants regarding the status of networking issues outside of the Exchange's own network environment that are impacting the industry as a whole via the SIPs, including inquiries from regulators, because the Exchange has a superior, state-of-the-art network that, through its enhanced monitoring and reporting solutions, often detects and identifies industry-wide networking issues ahead of the SIPs. The Exchange also incurs costs associated with the maintenance

²² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

and improvement of existing tools and the development of new tools.

Also, routine R&D projects to improve the performance of the network's hardware infrastructure result in additional cost. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network in the U.S. equity securities industry is a significant expense for the Exchange that is projected to increase year-over-year, and thus the Exchange believes that it is reasonable to offset a portion of those costs through establishing the Proposed Access Fees, which are designed to recover those costs, as described herein. Overall, the Proposed Access Fees are projected to offset only a portion of the Exchange's services associated with the Proposed Access Fees. The Exchange invests in and offers a superior network infrastructure as part of its overall exchange services offering, resulting in significant costs associated with maintaining this network infrastructure, which are directly tied to the amount of the Proposed Access Fees that must be charged to access it, in order to recover those costs. The Exchange only has four primary sources of revenue: transaction fees, access fees (of which the Proposed Access Fees constitute the majority), regulatory fees, and market data fees. Accordingly, the Exchange must cover all of its expenses from these four primary sources of revenue.

The Proposed Access Fees are fair and reasonable because they will not result in excessive pricing or supra-competitive profit, when comparing the total annual expense of MIAX PEARL Equities for providing the services associated with the Proposed Access Fees versus the total projected annual revenue of the Exchange for providing those services. For 2020, the total annual expense for providing the services associated with the Proposed Access Fees for MIAX PEARL Equities is projected to be approximately \$8.4 million. The \$8.4 million in projected total annual expense is comprised of the following, all of which are directly related to the services associated with the Proposed Access Fees by MIAX PEARL Equities to its Equity Members and non-Members: (1) Third-party expense, relating to fees paid by MIAX PEARL Equities to third-parties for certain products and services; and (2) internal expense, relating to the internal costs of MIAX PEARL Equities to provide the services associated with the Proposed Access Fees. The \$8.4 million in projected total annual expense is directly related to the services associated with the Proposed Access Fees and not any other product or

service offered by the Exchange. It does not include general costs of operating matching systems and other trading technology, and no expense amount was allocated twice.

As discussed, the Exchange conducted an extensive review in which the Exchange analyzed every expense item in the Exchange's general expense ledger (this includes over 150 separate and distinct expense items) to determine whether each such expense relates to the services associated with the Proposed Access Fees, and, if such expense did so relate, what portion (or percentage) of such expense actually supports those services, and thus bears a relationship that is, "in nature and closeness," directly related to those services. The sum of all such portions of expenses represents the total cost of the Exchange to provide the services associated with the Proposed Access Fees.

For 2020, total actual and projected third-party expense, relating to fees paid by the Exchange to third-parties for certain products and services for the Exchange to be able to provide the services associated with the Proposed Access Fees, was \$1,492,112. This includes, but is not limited to, a portion of the fees paid to: (1) Equinix, for data center services, for the primary, secondary, and disaster recovery locations of the MIAX PEARL Equities trading system infrastructure; (2) Zayo Group Holdings, Inc. ("Zayo") for connectivity services (fiber and bandwidth connectivity) linking MIAX PEARL Equities' office locations in Princeton, New Jersey and Miami, Florida to all data center locations; (3) Secure Financial Transaction Infrastructure ("SFTI"), which supports connectivity and feeds for the entire equity securities industry; (4); (5) various other services providers (including Thompson Reuters, NYSE, Nasdaq, Internap, and Options IT), which provide content, connectivity services, infrastructure services, and market data services; and (6) various other hardware and software providers (including Dell and Cisco, which support the production environment).

For clarity, only a portion of all fees paid to such third-parties is included in the third-party expense herein (only the portions that actually support the services associated with the Proposed Access Fees), and no expense amount is allocated twice. Accordingly, the Exchange does not allocate its entire information technology and communication costs to the services associated with the Proposed Access Fees.

The Exchange believes it is reasonable to allocate such third-party expense described above towards the total cost to the Exchange to operate and support the network, including providing the services associated with the Proposed Access Fees. In particular, the Exchange believes it is reasonable to allocate the identified portions of the Equinix expense because Equinix operates the data centers (primary, secondary, and disaster recovery) that host the Exchange's network infrastructure, which enables the services associated with the Proposed Access Fees. This includes, among other things, the necessary storage space, which continues to expand and increase in cost, power to operate the network infrastructure, and cooling apparatuses to ensure the Exchange's network infrastructure maintains stability. Without these services from Equinix, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the Equinix expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 73% of the total Equinix expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

The Exchange believes it is reasonable to allocate the identified portions of the Zayo expense because Zayo provides the internet, fiber and bandwidth connections with respect to the network, linking MIAX PEARL Equities with the Exchange's affiliates, MIAX and MIAX Emerald, as well as the data center and disaster recovery locations. As such, all of the trade data flow through Zayo's infrastructure over the Exchange's network. Without these services from Zayo, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the Zayo expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 66% of the total Zayo

expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

The Exchange believes it is reasonable to allocate the identified portions of the SFTI expense and various other service providers' (including Thompson Reuters, NYSE, Nasdaq, Internap, and Options IT) expense because those entities provide connectivity and feeds for the entire U.S. securities industry as well as the content, connectivity services, infrastructure services, and market data services for critical components of the network. Without these services from SFTI and various other service providers, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the SFTI and other service providers' expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 94% of the total SFTI and other service providers' expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

The Exchange believes it is reasonable to allocate the identified portion of the other hardware and software provider expense because this includes costs for dedicated hardware licenses for switches and servers, as well as dedicated software licenses for security monitoring and reporting across the network. Without this hardware and software, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the hardware and software provider expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 57% of the total hardware and software provider expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and

not any other service, as supported by its cost review.

For 2020, total projected internal expense, relating to the internal costs of the Exchange to provide the services associated with the Proposed Access Fees, is projected to be \$6,905,858. This includes, but is not limited to, costs associated with: (1) Employee compensation and benefits for full-time employees that support the services associated with the Proposed Access Fees, including staff in network operations, trading operations, development, system operations, business, etc., as well as staff in general corporate departments (such as legal, regulatory, and finance) that support those employees and functions; (2) depreciation and amortization of hardware and software used to provide the services associated with the Proposed Access Fees, including equipment, servers, cabling, purchased software and internally developed software used in the production environment to support those services for trading; and (3) occupancy costs for leased office space for staff that support the services associated with the Proposed Access Fees. The breakdown of these costs is more fully-described below.

For clarity, only a portion of all such internal expenses are included in the internal expense herein (only the portions that support the services associated with the Proposed Access Fees), and no expense amount is allocated twice. Accordingly, the Exchange does not allocate its entire costs contained in those line items to the services associated with the Proposed Access Fees.

The Exchange believes it is reasonable to allocate such internal expense described above towards the total cost to the Exchange to operate and support the network, including providing the services associated with the Proposed Access Fees. In particular, MIAx PEARL Equities' employee compensation and benefits expense relating to providing the services associated with the Proposed Access Fees is projected to be \$4,317,667, which is only a portion of the \$13,492,708 total projected expense for employee compensation and benefits. The Exchange believes it is reasonable to allocate the identified portions of each expense because they include the time spent by employees of several departments, including Technology, Back Office, Systems Operations, Networking, Business Strategy Development (who create the business requirement documents that the Technology staff use to develop network features and enhancements),

Trade Operations, Finance (who provide billing and accounting services relating to the network), and Legal (who provide legal services relating to the network, such as rule filings and various license agreements and other contracts). As part of the extensive cost review conducted by the Exchange, the Exchange reviewed the amount of time spent by each employee on matters relating to the operation and support of the network, including the services associated with the Proposed Access Fees. Without these employees, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the employee compensation and benefits expense toward the cost of providing the services associated with the Proposed Access Fees, only that portion which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 32% of the total employee compensation and benefits expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

MIAx PEARL Equities' depreciation and amortization expense relating to providing the services associated with the Proposed Access Fees is projected to be \$2,131,411, which is only a portion of the \$2,664,264 total projected expense for depreciation and amortization. The Exchange believes it is reasonable to allocate the identified portions of such projected expense because such expense includes the actual cost of the computer equipment, such as dedicated servers, computers, laptops, monitors, information security appliances and storage, and network switching infrastructure equipment, including switches and taps that were purchased to operate and support the network. Without this equipment, the Exchange would not be able to operate the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. The Exchange did not allocate all of the projected depreciation and amortization expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and supporting the network, approximately 80% of the total depreciation and amortization expense. The services

associated with the Proposed Access Fees would not be possible without relying on such equipment. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

MIAX PEARL Equities' occupancy expense relating to providing the services associated with the Proposed Access Fees is projected to be \$456,780, which is only a portion of the \$878,423 total projected expense for occupancy. The Exchange believes it is reasonable to allocate the identified portions of such projected expense because such expense represents the portion of the Exchange's cost to rent and maintain a physical location for the Exchange's staff who operate and support the network, including providing the services associated with the Proposed Access Fees. These amounts consist primarily of rent for the Exchange's Princeton, New Jersey office, as well as various related costs, such as physical security, property management fees, property taxes, and utilities. The Exchange operates its Network Operations Center ("NOC") and Security Operations Center ("SOC") from its Princeton, New Jersey office location. A centralized office space is required to house the staff that operates and supports the network. The Exchange currently has approximately 150 employees (and continues to increase its headcount to support the network as the Exchange, and its affiliates, grow the network). Approximately two-thirds of the Exchange's staff are in the Technology department, and the majority of those staff members have some role in the operation and performance of the network. Without this office space, the Exchange would not be able to operate and support the network and provide the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. Accordingly, the Exchange believes it is reasonable to allocate the identified portions of its occupancy expense because such amounts represent the Exchange's actual cost to house the equipment and personnel who operate and support the Exchange's network infrastructure for the services associated with the Proposed Access Fees. The Exchange did not allocate all of the projected occupancy expense toward the cost of providing the services associated with the Proposed Access Fees, only the portions which the Exchange identified as being specifically mapped to operating and

supporting the network, approximately 52% of the total occupancy expense. The Exchange believes these allocations are reasonable because they represent the Exchange's actual cost to operate and support the network, and not any other service, as supported by its cost review.

The total revenue projected to be received by MIAX PEARL Equities for providing the services associated with the Proposed Access Fees, on a full year run rate, is anticipated to be \$4.1 million. However, since MIAX PEARL Equities has yet to launch, with a projected launch date of September 25, 2020, it will not start receiving revenue for the services associated with the Proposed Access Fees until September 25, 2020. Thus, for 2020, MIAX PEARL Equities' projected expense for providing the services associated with the Proposed Access Fees will be approximately \$8.4 million, while its revenue for providing those services is projected to be only \$1,033,500 (September 25th to December 31st of 2020), and is currently \$0 to date. For 2020, MIAX PEARL Equities projects 3 full months and 5 days of revenue for the services associated with the Proposed Access Fees (September 25th to December 31st), of approximately \$1,033,500, however it also projects increased expense for providing the services associated with the Proposed Access Fees for 2021, as compared to 2020.

Nevertheless, utilizing 2020 projected expense figures, for 2021, MIAX PEARL Equities' projected expense for providing the Proposed Access Fees would be approximately \$8.4 million, while its projected revenue for providing network connectivity services would be \$4.1 million. Accordingly, the total MIAX PEARL Equities projected revenue for providing the services associated with the Proposed Access Fees (\$0 to date) and on a full year run rate (\$4.1 million) is less than total projected MIAX PEARL Equities expense for providing the services associated with the Proposed Access Fees for 2020 (\$8.4 million) and 2021 (greater than \$8.4 million).

For the avoidance of doubt, none of the expenses included herein relating to the services associated with the Proposed Access Fees relate to any other services offered by MIAX PEARL Equities. Stated differently, no expense amount of the Exchange is allocated twice.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to allocate the respective percentages of each expense category described above towards the total cost to

the Exchange of operating and supporting the network, including providing the services associated with the Proposed Access Fees, because the Exchange performed a line-by-line item analysis of all the expenses of the Exchange, and has determined the expenses that directly relate to operation and support of the network, including the services associated with the Proposed Access Fees. Further, the Exchange notes that, without the specific third-party and internal items listed above, the Exchange would not be able to operate and support the network, including the services associated with the Proposed Access Fees to Equity Members and non-Members and their customers. Each of these expense items, including physical hardware, software, employee compensation and benefits, occupancy costs, and the depreciation and amortization of equipment, have been identified through a line-by-line item analysis to be integral to the operation and support of the network. The Proposed Access Fees are intended to recover the Exchange's costs (less than all) of operating and supporting the network, including providing the services associated with the Proposed Access Fees.

Accordingly, the Proposed Access Fees are fair and reasonable because they do not result in excessive pricing or supra-competitive profit, when comparing the actual network operation and support costs to the Exchange versus the projected revenue for the services associated with the Proposed Access Fees.

The Exchange notes that other equities exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity. For example, the Nasdaq Stock Market LLC ("Nasdaq"), Nasdaq PHLX LLC ("Phlx"), and Nasdaq ISE, LLC ("ISE") all offer a 1Gb, 10Gb and 10Gb low latency ethernet connectivity alternatives to each of their participants.²³ NYSE Arca, Inc. ("NYSE Arca"), NYSE American LLC ("NYSE American"), NYSE Chicago, Inc. ("NYSE Chicago") and NYSE National, Inc. ("NYSE National") all offer a 1Gb and 10Gb low latency ethernet connectivity alternatives to each of their participants.²⁴ The Exchange notes that

²³ See Nasdaq, Phlx and ISE General Rules, General 8, Section 1(b). Nasdaq, Phlx and ISE each charge a monthly fee of \$2,500 for each 1Gb connection, \$10,000 for each 10Gb connection and \$15,000 for each 10Gb Ultra connection, which is the equivalent of the Exchange's 10Gb ULL connection.

²⁴ See NYSE American Fee Schedule, NYSE Arca Fee Schedule, NYSE Chicago Fee Schedule and

all the other equities exchanges described above charge higher rates for such similar connectivity to primary and secondary facilities.²⁵ While the Exchange's proposed connectivity fees are substantially lower than the fees charged by Nasdaq, Phlx, ISE, NYSE America, NYSE Arca, NYSE Chicago and NYSE National, the Exchange believes that it can offer significant value to Equity Members over other exchanges in terms of network monitoring and reporting, which the Exchange believes is a competitive advantage, and differentiates its access services versus access services at other exchanges. Additionally, the Exchange's proposed connectivity fees to its disaster recovery facility are within the range of the fees charged by other exchanges for similar connectivity alternatives.²⁶ The Exchange also notes that other equities exchanges have similar port alternatives for their participants, with similar or substantially higher fees.²⁷

Historical Data

The Exchange believes the proposed fee for Historical Data is a reasonable allocation of its costs and expenses among its Equity Members and other persons using its facilities since it is recovering the costs associated with distributing such data should an Equity Member request Historical Data. Access to the Exchange is provided on fair and non-discriminatory terms. The Exchange believes the proposed fee for Historical Data is equitable and not unfairly discriminatory because the fee level results in a reasonable and equitable allocation of fees amongst users for similar services. Moreover, the decision as to whether or not to purchase Historical Data is entirely optional to all users. Potential purchasers are not required to purchase the Historical Data, and the Exchange is not required to make the Historical Data available. Purchasers may request the

data at any time or may decline to purchase such data. The allocation of fees among users is fair and reasonable because, if the market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of this data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data:

"[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data."²⁸

By removing "unnecessary regulatory restrictions" on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. If the free market should determine whether proprietary data is sold to broker-dealers at all, it follows that the price at which such data is sold should be set by the market as well.

In July, 2010, Congress adopted H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), which amended Section 19 of the Act. Among other things, Section 916 of the Dodd-Frank Act amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase "on any person, whether or not the person is a member of the self-regulatory organization" after "due, fee or other charge imposed by the self-regulatory organization." As a result, all SRO rule proposals establishing or changing dues, fees or other charges are immediately effective upon filing regardless of whether such dues, fees or other charges are imposed on members of the SRO, non-members, or both.

Section 916 further amended paragraph (C) of Section 19(b)(3) of the Act to read, in pertinent part, "At any time within the 60-day period beginning on the date of filing of such a proposed rule change in accordance with the provisions of paragraph (1) [of Section 19(b)], the Commission summarily may temporarily suspend the change in the

rules of the self-regulatory organization made thereby, 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 this title. If the Commission takes such action, the Commission shall institute proceedings under paragraph (2)(B) [of Section 19(b)] to determine whether the proposed rule should be approved or disapproved."

The Exchange believes that these amendments to Section 19 of the Act reflect Congress's intent to allow the Commission to rely upon the forces of competition to ensure that fees for market data are reasonable and equitably allocated. Although Section 19(b) had formerly authorized immediate effectiveness for a "due, fee or other charge imposed by the self-regulatory organization," the Commission adopted a policy and subsequently a rule stating that fees for data and other products available to persons that are not members of the self-regulatory organization must be approved by the Commission after first being published for comment. At the time, the Commission supported the adoption of the policy and the rule by pointing out that unlike members, whose representation in self-regulatory organization governance was mandated by the Act, non-members should be given the opportunity to comment on fees before being required to pay them, and that the Commission should specifically approve all such fees. The Exchange believes that the amendment to Section 19 reflects Congress's conclusion that the evolution of self-regulatory organization governance and competitive market structure have rendered the Commission's prior policy on non-member fees obsolete.

Specifically, many exchanges have evolved from member-owned, not-for-profit corporations into for-profit, investor-owned corporations (or subsidiaries of investor-owned corporations). Accordingly, exchanges no longer have narrow incentives to manage their affairs for the exclusive benefit of their members, but rather have incentives to maximize the appeal of their products to all customers, whether members or non-members, so as to broaden distribution and grow revenues. Moreover, the Exchange believes that the change also reflects an endorsement of the Commission's determinations that reliance on competitive markets is an appropriate means to ensure equitable and reasonable prices. Simply put, the change reflects a presumption that all

NYSE National Fee Schedule, Co-Location Fees. NYSE American, NYSE Arca, NYSE Chicago and NYSE National each charge a monthly fee of \$5,000 for each 1Gb circuit and \$22,000 for each 10Gb LX circuit, which is the equivalent of the Exchange's 10Gb ULL connection.

²⁵ See *supra* notes 24 and 25.

²⁶ See Cboe EDGA Exchange, Inc. ("EDGA") and Cboe EDGX Exchange, Inc. ("EDGX") Fee Schedules, Physical Connectivity Fees, (charging a monthly fee of \$2,000 for a 1Gb disaster recovery network access port and a monthly fee of \$6,000 for a 10Gb disaster recovery network access port).

²⁷ See Nasdaq Fee Schedule, Equity Rules, Equity 7, Pricing Schedule, Ports (charging \$575 per FIX port per month); Phlx Fee Schedule, Equity Rules, Equity 7, Pricing Schedule, Section 3 Nasdaq PSX Fees (charging \$400 per FIX port per month); EDGX Fee Schedule, Logical Port Fees (charging \$550 per Logical Port per month and \$650 per Purge port per month).

²⁸ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

fee changes should be permitted to take effect immediately, since the level of all fees are constrained by competitive forces.

Selling proprietary market data, such as Historical Data, is a means by which exchanges compete to attract business. To the extent that exchanges are successful in such competition, they earn trading revenues and also enhance the value of their data products by increasing the amount of data they provide. The need to compete for business places substantial pressure upon exchanges to keep their fees for both executions and data reasonable.²⁹ The Exchange therefore believes that the fees for Historical Data are properly assessed on Members and Non-Member users.

The decision of the United States Court of Appeals for the District of Columbia Circuit in *NetCoalition v. SEC*, No. 09–1042 (D.C. Cir. 2010), although reviewing a Commission decision made prior to the effective date of the Dodd-Frank Act, upheld the Commission's reliance upon competitive markets to set reasonable and equitably allocated fees for market data:

“In fact, the legislative history indicates that the Congress intended that the market system ‘evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed’ and that the SEC wield its regulatory power ‘in those situations where competition may not be sufficient,’ such as in the creation of a ‘consolidated transactional reporting system.’ ”³⁰

The court's conclusions about Congressional intent are therefore reinforced by the Dodd-Frank Act amendments, which create a presumption that exchange fees, including market data fees, may take effect immediately, without prior Commission approval, and that the Commission should take action to suspend a fee change and institute a proceeding to determine whether the fee change should be approved or disapproved only where the Commission has concerns that the change may not be consistent with the Act.

Pass-Through of External Connectivity Fees

The Exchange believes that the proposed pass-through of external connectivity fees constitutes an equitable allocation of fees, and is not unfairly discriminatory, because it allows the Exchange to recover costs associated with offering access through the network connections, responding to customer requests, configuring MIAX PEARL Equities' systems, programming API user specifications and administering the various services. Access to the MIAX PEARL Equities market is offered on fair and non-discriminatory terms.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to pass-through External Connectivity fees to Equity Members and non-Members that establish connections with MIAX PEARL Equities through a third-party. MIAX PEARL Equities will only pass-through the actual costs it is charged by third-party external vendors. The Exchange believes it is reasonable and equitable to recover costs charged it on behalf of an Equity Member or non-Member that establishes connections with MIAX PEARL Equities through a third party. Other exchanges, including EDGX and EDGA, charge a fee for similar services to their members and non-members.

Technical Support Request Fee

The Exchange believes that the proposed Technical Support Request fee is fair, equitable and not unreasonably discriminatory, because it is assessed equally to all Equity Members and non-Members who request technical support. Furthermore, Equity Members and non-Members are not required to use the service but instead it is offered as a convenience to all Equity Members and non-Members. The proposed fee is reasonably designed because it will permit both Equity Members and non-Members to request the use of the Exchange's on-site data center personnel as technical support and as a convenience in order to test or otherwise assess their connectivity to the Exchange and the fee is within the range of the fee charged by other exchanges for similar services and is identical to the same fee assessed by the Exchange today for options as well as the Exchange's affiliates, MIAX and MIAX Emerald.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must establish fees that are competitive with

other exchanges. For the reasons described above, the Exchange believes that the proposed fees in the MIAX PEARL Equities Fee Schedule appropriately reflect this competitive environment.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes that the Proposed Fees do not place certain market participants at a relative disadvantage to other market participants because the pricing of the Proposed Fees is associated with relative usage of the various market participants and does not impose a barrier to entry to smaller participants. The Exchange believes the Proposed Fees do not favor certain categories of market participants in a manner that would impose a burden on competition; rather, the allocation of the Proposed Fees reflects the network and access resources consumed by various market participants.

The Exchange believes the Proposed Fees do not place an undue burden on competition on other SROs that is not necessary or appropriate. MIAX PEARL Equities has not yet launched trading operations and therefore has a 0% market share, with significantly less members than other SROs. Additionally, other exchanges have similar connectivity and port alternatives for their participants, including similar low-latency connectivity, but with much higher rates to connect.³¹ The Exchange is also unaware of any assertion that the Proposed Fees would somehow unduly impair its competition with other equities exchanges. To the contrary, if the fees charged are deemed too high by market participants, they can simply not connect to the Exchange or not use the services associated with the Proposed Access Fees.

While the Exchange recognizes the distinction between connecting to an exchange and trading at the exchange, the Exchange notes that it plans to operate in a highly competitive market in which market participants can readily connect and trade with venues they desire. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the Proposed Fees reflect this competitive environment.

²⁹ See Sec. Indus. Fin. Mkts. Ass'n (SIFMA), Initial Decision Release No. 1015, 2016 SEC LEXIS 2278 (ALJ June 1, 2016) (finding the existence of vigorous competition with respect to non-core market data).

³⁰ *NetCoalition*, at 15 (quoting H.R. Rep. No. 94–229, at 92 (1975), as reprinted in 1975 U.S.C.A.N. 321, 323).

³¹ See *supra* notes 23, 24, 26 and 27.

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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³² and Rule 19b-4(f)(2)³³ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-PEARL-2020-19 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to File Number SR-PEARL-2020-19. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<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-PEARL-2020-19 and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90169; File No. SR-DTC-2020-801]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing of an Advance Notice To Amend Rule 4

October 14, 2020.

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 ("Act"),² notice is hereby given that on September 9, 2020, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-DTC-2020-801 ("Advance Notice") as described in Items I, II, and III below, which Items have been prepared by the clearing agency.³ 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 consists of amendments to the Rules, By-Laws and Organization Certificate of DTC ("Rules").⁴ The proposed change would amend Rule 4 to provide expressly that the Participants Fund continues to be a liquidity resource that may be used by DTC to fund a settlement funding gap to complete settlement on a Business Day, whether the funding gap is the result of a Participant Default or otherwise. In addition, the proposed change would make other technical and clarifying amendments to Rule 4 to provide enhanced transparency with respect to use of the Participants Fund and other resources to complete settlement on a Business Day, as discussed below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A and B below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants, or Others

Written comments relating to this proposal have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

¹ 19b-4 thereunder, 17 CFR 240.19b-4. A copy of the proposed rule change is available at <http://www.dtcc.com/legal/sec-rule-filings.aspx>.

⁴ Each capitalized term not otherwise defined herein has its respective meaning as set forth in DTC's rules, including, but not limited to, the Rules and the DTC Settlement Service Guide (the "Settlement Guide"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>. The Settlement Guide is a Procedure of DTC filed with the Commission that, among other things, operationalizes and supplements the DTC Rules that relate to settlement, including, but not limited to, Rule 4 (Participants Fund and Participants Investment).

³² 15 U.S.C. 78s(b)(3)(A)(ii).

³³ 17 CFR 240.19b-4(f)(2).

³⁴ 17 CFR 200.30-3(a)(12).

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

³ On September 9, 2020, DTC filed the Advance Notice as a proposed rule change (SR-DTC-2020-011) with the Commission pursuant to Section 19(b)(1) of the Act, 15 U.S.C. 78s(b)(1), and Rule

(B) Advance Notice Filed Pursuant to Section 806(e) of the Clearing Supervision Act

Description of Proposed Change

The proposed rule change would amend Rule 4 to provide expressly that the Participants Fund continues to be a liquidity resource that may be used by DTC to fund a settlement funding gap to complete settlement on a Business Day, whether the funding gap is the result of a Participant Default or otherwise. In addition, the proposed rule change would make other technical and clarifying amendments to Rule 4 to provide enhanced transparency with respect to use of the Participants Fund and other resources to complete settlement on a Business Day, as discussed below.

(i) Background

A. DTC Settlement on a Business Day

DTC is the central securities depository ("CSD") for substantially all corporate and municipal debt and equity securities available for trading in the United States. DTC plays a critical role in the national financial infrastructure.⁵ As a CSD, DTC provides a central location in which securities may be immobilized, and interests in those securities are reflected in accounts maintained for its Participants, which are financial institutions such as brokers or banks.⁶ As a CSD, DTC is structured to provide for the settlement of book-entry transfers and pledges of interests in securities between Participants, and for end-of-day net funds settlement on each Business Day.⁷

⁵ See Financial Stability Oversight Council ("FSOC") 2012 Annual Report, Appendix A at 166, available at <https://www.treasury.gov/initiatives/fsoc/Documents/2012%20Appendix%20A%20Designation%20of%20Systemically%20Important%20Market%20Utilities.pdf>.

⁶ See, e.g., Securities Exchange Act Release No. 20221 (September 23, 1983), 48 FR 45167, 45168 (October 3, 1983) (File No. 600-1) ("A securities depository is a "custodial" clearing agency that operates a centralized system for the handling of securities certificates. Depositories accept deposits of securities from broker-dealers, banks, and other financial institutions; credit those securities to the depositing participants' accounts; and, pursuant to participant's instructions, effect book-entry movements of securities. The physical securities deposited with a depository are held in a fungible bulk; each participant or pledgee having an interest in securities of a given issue credited to its account has a pro rata interest in the physical securities of the issue held in custody by the securities depository in its nominee name. Depositories collect and pay dividends and interest to participants for securities held on deposit. Depositories also provide facilities for payment by participants to other participants in connection with book-entry deliveries of securities. . . .").

⁷ See, e.g., Rule 9(A) (Transactions in Securities and Money Payments), Rule 9(B) (Transactions in Eligible Securities), Rule 9(C) (Transactions in MMI

The DTC settlement system records money debits and credits to Participant settlement accounts throughout a Business Day. Credits to a Participant settlement account arise from deliveries versus payment, receipt of payment orders, principal and interest distributions in respect of securities held, intraday settlement progress payments and any other items or transactions that give rise to a credit. Debits to a Participant settlement account are primarily due to receives versus payment, as well as other types of charges to the account permitted under the Rules. As these debits and credits to a Participant's settlement account are recorded intraday, the Participant's settlement account will be in a net debit balance or net credit balance from time to time and, finally, at the end of a Business Day, a net debit, net credit or zero balance is determined. This final net debit or net credit balance determines whether the Participant has an obligation to pay or to be paid in the process of DTC completing settlement on that Business Day. A Participant with an end-of-day net debit balance has an obligation to pay DTC that amount; a Participant with an end-of-day net credit balance is entitled to receive a payment from DTC. When a Participant has an end-of-day zero net balance or an end-of-day net credit balance, it is deemed to have satisfied its settlement obligations for that Business Day, and securities processed for delivery versus payment for delivery to the Participant will be credited to its account. When a Participant with a net debit balance pays its settlement obligation, and DTC completes system-wide settlement, all securities processed for delivery versus payment to that Participant on that Business Day will be credited to its account and it will have paid for those deliveries. As to payments due to the Participant for its deliveries on that Business Day, the Participant will have been paid as well, because credits for those deliveries intraday have offset and reduced its other debit obligations, even though, on balance, it finished the Business Day with a settlement obligation. A Participant that defaults on its settlement obligations on a Business Day will not have paid for the securities processed for delivery versus

Securities), Rule 9(D) (Settling Banks), and Rule 9(E) (Clearing Agency Agreements), *supra* note 4, which provide the mechanism to achieve a "DVP Model 2 Deferred Net Settlement System" (as defined in Annex D of the Principles for Financial Market Infrastructures issued by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions (April 2012), available at <https://www.bis.org/cpmi/publ/d101a.pdf>).

payment, and the securities will not be credited to its account.

B. Settlement Gap on a Business Day

There may be circumstances in which the amount of settlement payments received or available to DTC on a Business Day is not sufficient to pay all Participants with an end-of-day net credit balance on that Business Day (a "settlement gap"). A settlement gap could occur on a Business Day as a result of, principally, a Participant Default, where a Participant fails to pay its settlement obligation (a "default gap"). A settlement gap could also occur on a Business Day as a result of causes other than a Participant Default (a "non-default gap"). For example, a non-default gap could occur if the funds required to complete settlement are not available to DTC, in whole or in part, due to an operational or data issue arising at DTC, a Participant or Settling Bank, or due to a cyber incident, or other technological business disruption.

The Rules and Procedures of DTC specify the extent of the obligation of DTC to achieve settlement on each Business Day, and, as DTC is not a central counterparty ("CCP"), do not guarantee settlement.⁸ However, as a critical part of the national financial infrastructure, if DTC does not complete settlement on a given Business Day, there could be significant market-wide effects.⁹ The Rules and Procedures of DTC are structured so that if there is a settlement gap on a Business Day, DTC has liquidity resources to mitigate the risks relating to a disruption to obligations settling at DTC on that Business Day. If there is any problem with the receipt or disbursement of funds for settlement, the issue would need to be addressed quickly. Access to liquidity resources needs to be optimized during the tight timeframe in which settlement must be completed on a Business Day, in order for DTC to quickly and effectively respond to and resolve any settlement gap, whether a default gap or non-default gap.

⁸ See, e.g., Rule 9(B), *supra* note 4 ("Each Participant and the Corporation shall settle the balance of the Settlement Account of the Participant on a daily basis in accordance with these Rules and the Procedures. Except as provided in the Procedures, the Corporation shall not be obligated to make any settlement payments to any Participants until the Corporation has received all of the settlement payments that Settling Banks and Participants are required to make to the Corporation.").

⁹ *Supra* note 5.

C. Participants Fund as a Liquidity Resource To Complete Settlement on a Business Day

The Participants Fund is designed to be one of the foundational liquidity resources available to DTC to fund a settlement gap to complete settlement on a Business Day. Rule 4 contains the key provisions of the Rules and Procedures specifying the rights, duties and obligations of Participants and DTC with respect to the Participants Fund. Every Participant is required to make at least a minimum deposit to the Participants Fund, and Participants with higher levels of activity that impose greater liquidity risk to the DTC settlement system have proportionally larger required deposits. The principal purpose of the Participants Fund is, and historically has been, to provide a mutualized liquidity resource to satisfy DTC losses and liabilities attributable to its business conducted for the benefit of its Participants.¹⁰ Key among these is daily settlement on each Business Day, but also, historically, the Participants Fund was a resource to cover losses and other liabilities as well.¹¹ Prior to August 28, 2018, Rule 4 (“Previous Rule 4”), in particular Section 4 of Previous Rule 4, provided a unified set of provisions that addressed this application of the Participants Fund “in satisfaction of losses and liabilities of

the Corporation incident to the business of DTC.”

On August 28, 2018, the Commission approved a rule change filed by DTC with respect to Rule 4 (“Loss Allocation Rule Change”).¹² A primary purpose of the Loss Allocation Rule Change was to harmonize the loss allocation provisions of the Rules of DTC with similar provisions of the rules of its two affiliated CCPs, National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC”) (collectively, the “CCPs”).

As part of the Loss Allocation Rule Change, Previous Rule 4 was restructured to provide separate and distinct provisions for (i) in Section 4 of Rule 4, the application of liquidity resources, including, but not limited to, the pro rata application of the Participants Fund, in order to complete settlement on a given Business Day when there is a settlement gap, and (ii) in Section 5 of Rule 4, the allocation of losses and liabilities of DTC arising out of Default Loss Events or Declared Non-Default Loss Events.¹³ Revised Section 4 of Rule 4 was meant to retain the core principle of Previous Rule 4 for the application of the Participants Fund as a liquidity resource to complete settlement.¹⁴ A new Section 5, consisting of loss allocation provisions that were revised for substantial conformity with revisions for the CCPs, was inserted into Rule 4 to provide a discrete loss allocation waterfall (“Loss

Allocation Waterfall”) more comparable to NSCC and FICC.

Nevertheless, as explained in more detail below, DTC now recognizes that certain of the provisions of amended Section 4 of Rule 4 might be read in a manner that conflicts with the stated, and historical, purpose of the Participants Fund.¹⁵ Specifically, certain provisions might be construed to narrow the scope of use of the Participants Fund for settlement to a default gap only.¹⁶ Therefore, because settlement is a critical service of DTC, and the Participants Fund is a critical liquidity resource to fund any settlement gap, DTC is proposing to amend certain provisions of Section 4 of Rule 4 to reflect expressly that the Participants Fund continues to be a liquidity resource that may be used by DTC to fund a settlement gap to complete settlement on a Business Day, whether the settlement gap is the result of a Participant Default, or otherwise.

(ii) Overview of Proposed Rule Change

A. Sections 3 and 4 of Rule 4

Currently, Sections 3 and 4 are the primary sections of Rule 4 that are relevant to the application of the Participants Fund to fund a settlement gap.

Section 3 of Rule 4 provides, in relevant part, that “[i]f a Participant is a Participant that is a Defaulting Participant pursuant to Rule 9(B) or is otherwise obligated to the Corporation pursuant to these Rules and the Procedures and fails to satisfy any such obligation (a “Participant Default”) . . . the Corporation shall, to the extent necessary to eliminate such obligation, apply some or all of the Actual Participants Fund Deposit of such Participant to such obligation to satisfy the Participant Default.”¹⁷

Section 3 of Rule 4 is the basic provision of remedies if a Participant fails to satisfy an obligation to DTC.¹⁸ In that case, DTC may apply the Actual Participants Fund Deposit of the responsible Participant to the extent necessary to satisfy its Participant Default. A Participant Default includes a situation where a Participant fails to

¹⁰ See Settlement Guide at 48, *supra* note 4 (“The Participants Fund . . . provided in DTC Rule 4 create[s] liquidity and collateral resources to support the business of DTC and to cover losses and liabilities incident to that business.”). The term “business” with respect to DTC means “the doing of all things in connection with or relating to the Corporation’s performance of the services specified in the first and second paragraphs of Rule 6 or the cessation of such services.” Rule 4, Section 1(f), *supra* note 4. The first two paragraphs of Rule 6 describe services provided by DTC, including settlement. Rule 6, *supra* note 4. DTC notes that, as early as 1975, the Rules provided that “[t]he Participants Fund may be used by the Corporation for the purposes of its business” See DTC CA-1 Application for Permanent Registration as a Clearing Agency, dated December 15, 1980 (File 600-1) at page 588. In addition, the range of permissible uses of a clearing or participants fund as covering “all losses and liabilities incident to clearance and settlement activities” of the clearing agency was specifically noted in the 1983 order of the Commission granting DTC full registration as a clearing agency. Securities Exchange Act Release No. 20221 (September 23, 1983), 48 FR 45167 (October 3, 1983) (File No. 600-1). The concept was also in Rule 4 of Central Certificate Service, Inc., the predecessor of DTC, filed with the Commission in 1972. Securities Exchange Act Release No. 9849 (November 8, 1972), 37 FR 24795 (November 21, 1972) (As described by the Commission: “Rule 4. A participant’s fund will require deposits by participants upon the basis of a formula established by CCS, Inc., based upon usage. The minimum contribution is \$10,000. The fund is available for the uses specified in the rules including for the purposes of its business.”).

¹¹ See *id.*

¹² See Securities Exchange Act Release No. 83969 (August 28, 2018), 83 FR 44955 (September 4, 2018) (SR-DTC-2017-022).

¹³ As a result, the main sections of Rule 4 relating to the Participants Fund are: Section 1, which focuses on Required Participants Fund Deposits and Actual Participants Fund Deposits, and briefly addresses the maintenance, permitted use and investment of the Participants Fund; Section 3, which provides for the application of a defaulting Participant’s own Actual Participants Fund Deposit to its unpaid settlement obligations; and Section 4, which provides for, in relevant part, the pro rata application of the Actual Participants Fund Deposits of all Participants (except a defaulting Participant) to fund a settlement gap on a Business Day. DTC notes that Section 5 of Rule 4 does not provide for the direct application of the Participants Fund as part of the Loss Allocation Waterfall. The reference in Section 1(f) of Rule 4 to the use of the Actual Participants Fund Deposits “to satisfy losses and liabilities of the Corporation incident to the business of the Corporation, as provided in Section 5 of this Rule” refers to the application of the Actual Participants Fund Deposit of a Participant that fails to timely make its loss allocation payment under the Loss Allocation Waterfall, as provided for in Section 3 of Rule 4. Accordingly, this proposed rule change has no relationship to or effect on the Loss Allocation Waterfall. Nor do the proposed drafting changes to Section 4 of Rule 4 affect, in any degree, the likelihood of the occurrence of a Default Loss Event or Declared Non-Default Loss Event subject to Section 5.

¹⁴ See *infra* note 16.

¹⁵ See *supra* note 10.

¹⁶ The rule filing for the Loss Allocation Rule Change did not mention any intention to narrow the scope of the permitted use of the Participants Fund under Rule 4. See Securities Exchange Act Release No. 83629 (July 13, 2018), 83 FR 34246, 34248 (July 19, 2018) (SR-DTC-2017-022) (“The proposed rule change would retain the core principles of [Previous] Rule 4 for both application of the Participants Fund as a liquidity resource to complete settlement and for loss allocation.”).

¹⁷ *Supra* note 4.

¹⁸ Therefore, Section 3 of Rule 4 does not apply to a situation where there is no Participant Default.

pay its net debit balance at the end of a Business Day. If the amount of the Actual Participants Fund Deposit of the responsible Participant is insufficient to satisfy its net debit balance, DTC has recourse to the Actual Participants Fund Deposits of the other Participants, to be charged pro rata in accordance with Section 4 of Rule 4.

Section 4 of Rule 4 currently provides:

The Participants Fund shall constitute a liquidity resource which may be applied by the Corporation in such amounts as the Corporation shall determine, in its sole discretion, to fund settlement if there is a Defaulting Participant and the amount charged to the Actual Participants Fund Deposit of the Defaulting Participant pursuant to Section 3 of this Rule is not sufficient to complete settlement. In that case, the Corporation may apply the Actual Participants Fund Deposits of Participants other than the Defaulting Participant (each, a “non-defaulting Participant”) as provided in this Section and/or apply such other liquidity resources as may be available to the Corporation from time to time, including the End-of-Day Credit Facility.

If the Participants Fund is applied to complete settlement, the Corporation shall promptly after the event notify each Participant and the SEC of the amount applied and the reasons therefor (“Settlement Charge Notice”). Each non-defaulting Participant’s pro rata share of such application of the Participants Fund (each, a “pro rata settlement charge”) shall be equal to (i) its Required Participants Fund Deposit, as such Required Participants Fund Deposit was fixed on the Business Day of such application less its Additional Participants Fund Deposit, if any, on that day, divided by (ii) the sum of the Required Participants Fund Deposits of all non-defaulting Participants, as such Required Participants Fund Deposits were fixed on that day, less the sum of the Additional Participants Fund Deposits, if any, of such non-defaulting Participants on that day.¹⁹

¹⁹ *Supra* note 4. The proposed rule change would not affect the balance of Section 4 of Rule 4. Section 4 of Rule 4 also provides, in part, that a Participant shall have a period of five Business Days following issuance of a Settlement Charge Notice to notify DTC of its election to terminate its business with DTC and thereby cap its maximum obligation with respect to other pro rata settlement charges (“Settlement Charge Cap”). If the Participant gives such notice, Section 4 of Rule 4 provides that DTC may still retain the entire amount of the Actual Participants Fund Deposit of a Participant subject to a pro rata settlement charge, up to the amount of the Participant’s Settlement Charge Cap. Section 4 of Rule 4 also provides that if the Actual Participants Fund Deposit of a Participant is applied pursuant to Section 4 of Rule 4, and, as a result, the Actual Participants Fund Deposit of such Participant is less than its Required Participants Fund Deposit, the Participant must, upon the demand of DTC and within such time as DTC may require, deposit to the Participants Fund the amount in cash needed to eliminate any resulting deficiency in its Required Participants Fund Deposit.

The above provisions of Section 4 of Rule 4 were drafted as part of the restructuring and revision of Rule 4 in connection to the Loss Allocation Rule Change. The intention was that these new provisions would track the historical principle of Section 4 of Previous Rule 4 that the Participants Fund may be applied to a loss or liability, including a settlement gap, that could not be satisfied by charging the Actual Participants Fund Deposit of a Participant pursuant to Section 3 of Rule 4. Nevertheless, because Section 4 of Rule 4 is now silent as to the use of the Participants Fund to complete settlement when there is a non-default gap, it could be construed as limiting the pro rata application of the Participants Fund to fund a settlement gap to default scenarios.

On each Business Day, settlement occurs during a tight timeframe, in conjunction with the Federal Reserve’s National Settlement Service (NSS) and Fedwire.²⁰ If there is any problem with the receipt or disbursement of funds for settlement, it would need to be addressed quickly. The Participants Fund is designed as ready “cash on hand” for settlement and is, typically, the most available liquidity resource for settlement. If the scope of the permitted use of the Participants Fund to fund a settlement gap on a Business Day is not expressly stated in Rule 4, there is a possibility that DTC’s ability on a Business Day to quickly and effectively respond to and resolve any settlement gap could be adversely affected. Use of the Participants Fund needs to be optimized during the tight timeframe because extensive settlement delays might cause significant market disruptive effects. The proposed rule change is designed to confirm, expressly, ready access to the Participants Fund for settlement purposes, whatever the settlement gap scenario.

In light of the foregoing, in order to facilitate timely action by DTC in connection with any settlement gap, DTC is proposing to amend Section 4 of Rule 4 to provide expressly for the use of the Participants Fund to fund settlement irrespective of whether the settlement gap is a default gap or a non-default gap.

B. Technical and Clarifying Changes

DTC believes that certain other amendments that were made pursuant to the Loss Allocation Rule Change may have impacted the transparency of Section 4 of Rule 4 with respect to use of the Participants Fund and other

resources for settlement. Therefore, as described below, DTC is proposing to (i) clarify that a Participant’s pro rata share of an application of the Participants Fund would be the same whether there is a default gap or a non-default gap, (ii) restore the express provision for the optional use of a discretionary amount of existing retained earnings of DTC to fund settlement, (iii) specifically state that DTC may apply its available resources to fund settlement, in such order and in such amounts as it determines, in its sole discretion, and (iv) make ministerial changes for conformity and readability.

(ii) Proposed Rule Change

A. Section 4 of Rule 4

Section 4 of Rule 4, Heading:

In order to reflect that Section 4 of Rule 4 would address the liquidity resources to fund settlement, including the application of the Participants Fund to fund settlement when there is a default gap or a non-default gap, DTC is proposing to replace the current heading of Section 4 of Rule 4 “Application of Participants Fund Deposits of Non-Defaulting Participants” with “Liquidity Resources to Fund Settlement; Application of Participants Fund.”

Section 4 of Rule 4 (Proposed New First Paragraph):

DTC is proposing to add a new opening paragraph to Section 4 of Rule 4 that would reflect and summarize the purpose of the proposed Section 4 of Rule 4. Specifically, DTC is proposing to add the following paragraph: “This Section sets forth liquidity resources available to the Corporation to fund settlement on a Business Day, in the event of a Participant Default or otherwise.”

Section 4 of Rule 4, First Paragraph (Proposed Second Paragraph):

DTC is proposing to:

1. Streamline the language referring to a settlement gap resulting from an unsatisfied Participant Default²¹ by revising the text to state that, “If, on a Business Day, there is a Participant Default which is not satisfied pursuant to Section 3 of this Rule by the application of the Actual Participants Fund Deposit of a Participant, . . .”;

2. Expressly address a non-default gap by adding the phrase “. . . or if Section 3 is not applicable, . . .” into the description of the circumstances in

²¹ The current default gap language is “if there is a Defaulting Participant and the amount charged to the Actual Participants Fund Deposit of the Defaulting Participant pursuant to Section 3 of this Rule is not sufficient to complete settlement.”

²⁰ See Settlement Guide at 19–20, *supra* note 4.

which DTC may apply the Participants Fund to fund settlement;²²

3. Revise the language that refers to DTC's sole discretion to apply its liquidity resources, including Participants Fund, to fund settlement,²³ to state, “. . . in such order and in such amounts as the Corporation shall determine, in its sole discretion, to the extent necessary to fund settlement on the Business Day.”; and

4. Enhance the transparency of Section 4 of Rule 4 with respect to liquidity resources that may be available to DTC to fund settlement by amending Section 4 of Rule 4 to provide DTC may apply:

(a) The Actual Participants Fund Deposits of all Participants (other than a Participant whose Actual Participants Fund Deposit is exhausted pursuant to Section 3);

(b) the existing retained earnings or undivided profits of DTC; or

(c) any other liquidity resources as may be available to DTC from time to time, including, but not limited to, the End-of-Day Credit Facility.

Specifically, with respect to (a), DTC is proposing to replace the reference in the first paragraph of Section 4 of Rule 4 to “non-defaulting Participants” with “all Participants (other than a Participant whose Actual Participants Fund Deposit is exhausted pursuant to Section 3).” The purpose of this change is to provide expressly that (i) in the case of a non-default gap, all Participants would be charged a pro rata share of the application of the Participants Fund, and (ii) a Participant that cured its Participant Default pursuant to Section 3 by the application of some, but not all, of its Actual Participants Fund Deposit on that Business Day, would still be subject to a pro rata share of the application of the Participants Fund to fund settlement, up to the remaining balance of its Actual Participants Fund Deposit, if there is (x) a default gap (due to the default of another Participant) or (y) a non-default gap.

With respect to (b), in order to enhance the transparency of available resources to fund settlement, DTC is proposing to restore the express

provision for the optional use of a discretionary amount of existing retained earnings of DTC²⁴ that had appeared in previous versions of Rule 4, including Section 4 of Previous Rule 4.²⁵ With respect to (c), DTC is proposing to insert the phrase “but not limited to,” after “including,” in order to make clear that DTC may have other liquidity resources available in addition to the End-of-Day Credit Facility.

In sum, pursuant to the above proposed changes, the revised paragraph would state:

If, on a Business Day, there is a Participant Default which is not satisfied pursuant to Section 3 of this Rule by the application of the Actual Participants Fund Deposit of a Participant, or if Section 3 is not applicable, then the Corporation shall apply, in such order and in such amounts as the Corporation shall determine, in its sole discretion, to the extent necessary to fund settlement on the Business Day:

(a) The Actual Participants Fund Deposits of all Participants (other than a Participant whose Actual Participants Fund Deposit is exhausted pursuant to Section 3);

(b) the existing retained earnings or undivided profits of the Corporation; or

(c) any other liquidity resources as may be available to the Corporation from time to time, including, but not limited to, the End-of-Day Credit Facility.

Section 4 of Rule 4, Second Paragraph (Proposed Fifth Paragraph):

For conformity, DTC is proposing to modify this paragraph to conform with the proposed changes to the third paragraph. Specifically, pursuant to the proposed rule change, this paragraph would state: “If the Participants Fund is applied pursuant to paragraph (a) of this Section, the Corporation shall promptly after the event notify each Participant and the SEC of the amount of the Participants Fund applied and the reasons therefor (“Settlement Charge Notice”).”

In addition, to further streamline Section 4 of Rule 4, DTC is proposing to move the proposed amended paragraph to follow the proposed fourth paragraph.

Section 4 of Rule 4, Proposed Third Paragraph:

For enhanced transparency with respect to the governance relating to a

pro rata application of the Participants Fund, DTC is proposing to add the following paragraph:

A determination to apply the Participants Fund pursuant to this Section shall be made by either the Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, a member of any management committee, Treasurer or any Managing Director as may be designated by the Chief Risk Officer from time to time. The Board of Directors (or an authorized Committee thereof) shall be promptly informed of the determination.

Section 4 of Rule 4, Third Paragraph (Proposed Fourth Paragraph):

Pursuant to the proposed rule change, DTC would revise this paragraph²⁶ to make clarifying changes that reflect that a Participant's pro rata share of an application of the Participants Fund would be the same whether there is a default gap or a non-default gap. Specifically, DTC is proposing to (i) remove the references to “non-defaulting Participants,” (ii) streamline the language by representing the calculation of a pro rata share as a ratio, instead of a division calculation, (iii) make conforming changes with the foregoing, and (iv) for consistency and clarity, make ministerial word changes and replace references to “day” with the defined term “Business Day.”

In sum, DTC is proposing that this paragraph be revised to state: “The pro rata share of the Actual Participants Fund Deposit of any Participant applied pursuant to paragraph (a) shall be equal to the ratio of (i) the Required Participants Fund Deposit of the Participant, as fixed on the Business Day on which such charge is made less its Additional Participants Fund Deposit, if any, on that Business Day, to (ii) the sum of the Required Participants Fund Deposits, as fixed on the Business Day on which such charge is made, of all Participants so charged on that Business Day, less the sum of the Additional Participants Fund Deposits, if any, of those Participants on that Business Day. The amount so charged to the Actual Participants Fund Deposit of a Participant shall constitute a “pro rata

²² Section 3 of Rule 4 applies when there is a Participant Default. If there is no Participant Default, Section 3 of Rule 4 does not apply. Therefore, if there is a settlement gap where Section 3 of Rule 4 is inapplicable, such settlement gap could be considered a non-default gap.

²³ Rule 4 currently states: “The Participants Fund shall constitute a liquidity resource which may be applied by the Corporation in such amounts as the Corporation shall determine, in its sole discretion, to fund settlement . . . and/or apply such other liquidity resources as may be available to the Corporation from time to time, including the End-of-Day Credit Facility.”

²⁴ The retained earnings of DTC are reflected in its quarterly condensed consolidated financial statements and annual financial statements, available at <https://www.dtcc.com/legal/financial-statements>.

²⁵ As noted above, the loss allocation provisions of Rule 4 are not relevant to the application of liquidity resources to a settlement gap on a given Business Day. As such, the optional use of the existing retained earnings of DTC to fund settlement is separate and distinct from calculation of, or application of, the Corporate Contribution required in Section 5 of Rule 4.

²⁶ Currently, the paragraph states: “Each non-defaulting Participant's pro rata share of such application of the Participants Fund (each, a “pro rata settlement charge”) shall be equal to (i) its Required Participants Fund Deposit, as such Required Participants Fund Deposit was fixed on the Business Day of such application less its Additional Participants Fund Deposit, if any, on that day, divided by (ii) the sum of the Required Participants Fund Deposits of all non-defaulting Participants, as such Required Participants Fund Deposits were fixed on that day, less the sum of the Additional Participants Fund Deposits, if any, of such non-defaulting Participants on that day.”

settlement charge” with respect to that Participant.”

Section 4 of Rule 4, Fifth, Sixth, Seventh and Eighth Paragraphs (Proposed Paragraphs Six, Seven, Eight and Nine):

There would be no changes to these paragraphs. The proposed rule change would not affect the Settlement Charge Termination Notification Period, the Settlement Charge Cap, nor the right of DTC to retain the entire amount of the Actual Participants Fund Deposit of a Participant subject to a pro rata settlement charge, up to the amount of the Participant’s Settlement Charge Cap. The proposed rule change would not affect the requirement that if the Actual Participants Fund Deposit of a Participant is applied pursuant to Section 4 of Rule 4, and, as a result, the Actual Participants Fund Deposit of such Participant is less than its Required Participants Fund Deposit, the Participant must, upon the demand of DTC and within such time as DTC would require, deposit to the Participants Fund the amount in cash needed to eliminate any resulting deficiency in its Required Participants Fund Deposit.

B. Section 1(f) of Rule 4

Section 1(f) of Rule 4 currently states, in relevant part: “The Actual Participants Fund Deposits of Participants to the Participants Fund shall be held by the Corporation and may be used or invested as provided in these Rules and as specified in the Procedures. The Actual Participants Fund Deposits of Participants may be used (i) to satisfy the obligations of Participants to the Corporation, as provided in Section 3 of this Rule, (ii) to fund settlement among non-defaulting Participants, as provided in Section 4 of this Rule and (iii) to satisfy losses and liabilities of the Corporation incident to the business of the Corporation, as provided in Section 5 of this Rule.”

In conformity with the proposed changes to Section 4 of Rule 4, DTC is proposing a ministerial change of removing the word “non-defaulting” from Section 1(f) of Rule 4.

Anticipated Effect on and Management of Risk

DTC believes that the proposed change to (i) amend Rule 4 to provide expressly that the Participants Fund may be used by DTC to fund a settlement gap, whether it is a default gap or a non-default gap, and (ii) make other technical changes, would provide enhanced transparency with respect to use of the Participants Fund and other

resources to complete settlement. In this way, the proposal would enhance the overall efficiency and effectiveness of end-of-day settlement in circumstances where there is a settlement gap, thereby reducing Participants’ risk exposure to a possible delay in end-of-day settlement.

As a CSD, DTC plays a critical role in the national financial infrastructure. As a CSD, DTC is structured to provide for the settlement of book-entry transfers and pledges of interests in securities between Participants, and for end-of-day net funds settlement on each Business Day. Given its critical role, if DTC does not complete settlement on a given Business Day, there could be significant market-wide effects. Accordingly, if there is a settlement gap on a Business Day, access to liquidity resources needs to be optimized during the tight timeframe in which settlement must be completed. The Participants Fund is designed to be one of the foundational liquidity resources available to DTC. If there is uncertainty as to the scope and manner of DTC’s use of the Participants Fund to complete settlement on a given Business Day, DTC’s ability to quickly and effectively respond to and resolve any settlement gap may be compromised. If its ability to respond to and resolve a settlement issue is compromised, settlement may be delayed, possibly causing complications for Participants and the market.

DTC’s proposal, as described in detail above, would enhance the overall efficiency and effectiveness of settlement on a Business Day in circumstances where there is a settlement gap by facilitating timely action by DTC to complete settlement on a Business Day when there is a settlement gap, including, but not limited to, in situations where Section 3 of Rule 4 is not applicable. The ability of DTC to take timely action to fund a settlement gap, including, but not limited to, the pro rata application of the Participants Fund, would allow DTC to continue to support end-of-day net funds settlement in connection with book-entry transfers of securities on each Business Day.

Consistency With the Clearing Supervision Act

DTC believes the proposed change would be consistent with the Clearing Supervision Act, specifically with the risk management objectives and principles of Section 805(b), and with certain of the risk management standards adopted by the Commission pursuant to Section 805(a)(2), for the reasons described below.²⁷

²⁷ 12 U.S.C. 5464(a)(2) and (b).

(i) Consistency With Section 805(b) of the Clearing Supervision Act

Although the Clearing Supervision Act does not specify a standard of review for an advance notice, its stated purpose is instructive: 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.²⁸

DTC believes the proposal is consistent with the objectives and principles of these risk management standards as described in Section 805(b) of the Clearing Supervision Act.²⁹

First, the proposal would amend Section 4 of Rule 4 to provide expressly for the pro rata application of the Participants Fund to *any* settlement gap, including a non-default gap. As noted above, if there were a question as to DTC’s right to apply the Participants Fund to a non-default gap, DTC’s ability on a Business Day to quickly and effectively respond to and resolve any such settlement gap and complete settlement might be adversely affected.

Second, the proposal would also (i) clarify that a Participant’s pro rata share of an application of the Participants Fund would be the same whether there is a default gap or a non-default gap, (ii) restore the express provision for the optional use of a discretionary amount of existing retained earnings of DTC to fund settlement, (iii) specifically state that DTC may apply its available resources to fund settlement, in such order and in such amounts as it determines, in its sole discretion, and (iv) make ministerial changes for conformity and readability. Without these changes, DTC’s rights with respect to the manner and use of its liquidity resources to fund settlement might not be promptly ascertainable, particularly in a time of stress.

Taken together, the proposed changes would enhance the transparency of DTC’s use of the Participants Fund and other resources to complete settlement on a Business Day. Reducing the risk of uncertainty to DTC, its Participants, and the market overall would promote robust risk management, promote safety and soundness, reduce systemic risks, and support the stability of the broader financial system.

Therefore, DTC believes that the proposed changes to (i) amend Rule 4 to provide expressly that the Participants

²⁸ 12 U.S.C. 5461(b).

²⁹ 12 U.S.C. 5464(b).

Fund may be used by DTC to fund a settlement gap, whether it is a default gap or a non-default gap, and (ii) make other technical changes to provide enhanced transparency with respect to completing settlement when there is a settlement gap, would be consistent with the objectives and principles of Section 805(b) of the Clearing Supervision Act,³⁰ which specify the promotion of robust risk management, promotion of safety and soundness, reduction of systemic risks and support of the stability of the broader financial system by, among other things, strengthening the liquidity of systemically important financial market utilities, such as DTC.

(ii) Consistency With Section 805(a)(2) of the Clearing Supervision Act

Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like DTC, and financial institutions engaged in designated activities for which the Commission is the supervisory agency or the appropriate financial regulator.³¹ The Commission has accordingly adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act³² and Section 17A of the Act ("Covered Clearing Agency Standards").³³ The Covered Clearing Agency Standards require covered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.³⁴

DTC believes the proposed changes are consistent with Rule 17Ad-22(e)(1) of the Covered Clearing Agency Standards³⁵ for the reasons described below.

Rule 17Ad-22(e)(1) under the Act requires that DTC 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.³⁶

As discussed above, changes to Section 4 of Previous Rule 4 might be construed as narrowing the scope of use

of the Participants Fund for settlement to a default gap, even though the Participants Fund is a liquidity resource that is available to fund any settlement gap. By amending Rule 4 to provide expressly that the Participants Fund continues to be a liquidity resource that may be used by DTC to fund a settlement gap to complete settlement on a Business Day, whether the settlement gap is the result of a Participant Default or otherwise, the proposed changes are designed to provide an expressly clear, transparent and enforceable legal basis for the application of the Participants Fund to a settlement gap, whether or not caused by a Participant Default. In this way, DTC believes the proposal is consistent with Rule 17Ad-22(e)(1) under the Act.³⁷

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 that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The clearing agency 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.

The clearing agency 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-DTC-2020-801 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-DTC-2020-801. 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 DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-DTC-2020-801 and should be submitted on or before November 4, 2020.

By the Commission.

J. Matthew DeLesDernier,
Assistant Secretary.

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BILLING CODE 8011-01-P

³⁰ *Id.*

³¹ 12 U.S.C. 5464(a)(2).

³² *Id.*

³³ 17 CFR 240.17Ad-22(e).

³⁴ *Id.*

³⁵ 17 CFR 240.17Ad-22(e)(1).

³⁶ *Id.*

³⁷ *Id.*

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90173; File No. SR–CBOE–2020–072]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Establish a Priority Queue for Auction Response Messages

October 14, 2020.

I. Introduction

On July 30, 2020, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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 priority queue for auction response messages. The proposed rule change was published for comment in the **Federal Register** on August 18, 2020. ³ On September 25, 2020, pursuant to Section 19(b)(2) of the Act, ⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change. ⁵ The Exchange filed Amendment No. 1 to the proposal on October 9, 2020. ⁶ The Commission received no comments regarding the proposal. The Commission is publishing this notice to solicit comment on Amendment No. 1 and is

approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

As described more fully in the Notice, ⁷ the Exchange currently offers several auction mechanisms that provide price improvement opportunities for eligible orders. ⁸ Users ⁹ may submit responses to an auction during an auction response period determined by the Exchange. ¹⁰ Trading Permit Holders (“TPHs”) submit auction responses through logical ports within the Exchange’s trading system that deliver and/or receive trading messages, including orders, cancels, and auction responses. ¹¹ Currently, the System ¹² processes all messages through a single queue. ¹³ Under certain circumstances, including when there is a deep queue of other message traffic, the auction response period may end before the System is able to process queued auction response messages, resulting in the auctioned order missing potential price improvement from the queued auction response(s) and the auction response(s) missing an execution opportunity. ¹⁴

To reduce the latency associated with auction responses, the Exchange proposes to amend Cboe Rule 5.25 to establish a priority queue for the processing of auction response messages. ¹⁵ All other messages, including new orders and quotes, cancel messages, and modify messages, will be

processed through a general queue. ¹⁶ The System will process a certain number of messages, as determined by the Exchange, from each queue on an alternating basis, and will process the messages in each queue in time priority. ¹⁷ The Exchange believes that the priority queue will provide for more timely processing of auction responses and will increase the likelihood that an auction response is able to participate in the auction to which it is submitted, thereby increasing execution opportunities for auction responses and enhancing the potential for price improvement for orders submitted to the Exchange’s auction mechanisms. ¹⁸ The Exchange notes that every market participant may submit a response message to any of the Exchange’s auction mechanisms and that all auction response messages would be processed through the proposed priority queue. ¹⁹

The Exchange states that from March 30–April 3, 2020, approximately 17% of all auction responses and 47% of SPXW auction responses submitted during their auction response periods had no opportunity to execute in their respective auctions. ²⁰ During the period from September 1–September 21, 2020, approximately 3% of all auction responses, and 8% of auction responses in SPXW, had no opportunity to execute in their respective auctions, notwithstanding being submitted within the auction response period. ²¹ Although there were fewer missed auction responses during the period from September 1–September 21, 2020, than during the week of March 30, the Exchange believes that both auction responders and market participants (including customers) whose orders are being auctioned benefit when the number of missed auction responses is as close to zero as possible because an auctioned order may miss an opportunity for price improvement if an auction response message is not processed in time. ²² In addition, the Exchange states that, absent the proposed rule change, the percentage of missed auction responses could increase

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 89528 (August 12, 2020), 85 FR 50855 (“Notice”).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 90007 (September 25, 2020), 85 FR 62004 (October 1, 2020). The Commission designated November 16, 2020, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ In Amendment No. 1, the Exchange revised the proposal to: (1) State that the Exchange does not intend to assess a fee for use of the proposed priority queue; (2) indicate that messages to modify or cancel an auction response would not be processed through the proposed priority queue; (3) provide updated information regarding the number of auction responses that did not reach the auction to which they were submitted in time to participate in the auction; (4) clarify the current duration of the auction response period; (5) state that all market participants are permitted to submit auction responses to any of the Exchange’s auction mechanisms, and that all auction responses, to any auction mechanism, from any user, would be processed through the proposed priority queue; and (6) provide additional analysis to support the proposal. Amendment No. 1 will be available on the Commission’s website.

⁷ See note 3, *supra*.

⁸ These auction mechanisms include the Complex Order Auction (“COA”) (Cboe Rule 5.33(d)); the Step Up Mechanism (“SUM”) (Cboe Rule 5.35); the Automated Improvement Mechanism (“AIM”) (Cboe Rule 5.37); the Complex AIM (“C-AIM”) (Cboe Rule 5.38); the Solicitation Auction Mechanism (“SAM”) (Cboe Rule 5.39); the Complex SAM (“C-SAM”) (Cboe Rule 5.40); the FLEX Auction Process (Cboe Rule 5.72(c)); the FLEX AIM (Cboe Rule 5.73); and the FLEX SAM (Cboe Rule 5.74). See Notice, 85 FR at 50855.

⁹ A User is a Trading Permit Holder or Sponsored User who is authorized to obtain access to the System pursuant to Cboe Rule 5.5. See Cboe Rule 1.1.

¹⁰ See Notice, 85 FR at 50855–6.

¹¹ See *id.* at 50856.

¹² The System is the Exchange’s hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. See Cboe Rule 1.1.

¹³ See Notice, 85 FR at 50856.

¹⁴ See *id.*

¹⁵ Modifications or cancellations of auction responses will not be processed through the Priority Queue. See Amendment No. 1.

¹⁶ See proposed Cboe Rule 5.25(c) and Notice, 85 FR at 50856.

¹⁷ See proposed Cboe Rule 5.25(c).

¹⁸ See Notice, 85 FR at 50856.

¹⁹ See Amendment No. 1.

²⁰ See *id.* Effective March 9, 2020, the Exchange increased the auction response period for COA in classes SPX/SPXW from 100 milliseconds to 1,000 milliseconds. On March 16, 2020, the Exchange activated AIM for classes SPX/SPXW and set the auction response period for classes SPX/SPXW to 1,000 milliseconds. See Amendment No. 1.

²¹ The AIM and COA auction response period during this time was set at 1,000 milliseconds for SPX/SPXW. See *id.*

²² See *id.*

during periods of increased volatility because of the increased message traffic that occurs at such times.²³ The Exchange also believes that the percentage of missed auction responses would likely increase if the Exchange reduced the auction response period back to 100 milliseconds.²⁴

The Exchange believes that the proposed priority queue for auction response messages will not disadvantage other orders, including customer orders.²⁵ The proposal does not modify the Exchange's rules regarding allocations at the conclusion of an auction and, accordingly, priority customer orders in the Book²⁶ will continue to have first priority at each price level at the conclusion of a paired auction, even when an auction response is processed via a priority queue ahead of a priority customer order processed via the general queue.²⁷ The Exchange states that the number of messages that would be processed via the proposed priority queue as compared to the general queue is small.²⁸ The Exchange notes that during the period from March 9–March 13, 2020, auction responses across all of the Exchange's auction mechanisms accounted for approximately 0.02% of the message traffic, while new order/quote messages accounted for approximately 40.3% of the message traffic, modify messages accounted for approximately 47.9% of the message traffic, and cancel messages accounted for approximately 11.7% of the message traffic.²⁹ The Exchange further notes that only 0.007% of non-auction response messages were related

to a customer order.³⁰ Accordingly, the Exchange believes that it is unlikely that a customer's order would not be posted to the Book in time to receive a priority allocation because the System was processing messages in the priority queue.³¹

III. Discussion and Commission Findings

After careful review, 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 and, in particular, with Section 6(b) of the Act.³² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,³³ which 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 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 that the rules of a national securities exchange not be designed to permit unfair discrimination between customers, issuers, brokers or dealers. The Commission believes that the proposed priority queue could help auction responses reach the auction to which they were submitted in time to participate in the auction, potentially enhancing competition in the Exchange's auctions and increasing the likelihood that orders submitted to auctions, including customer orders, will receive price improvement. The Commission notes that all market participants may submit auction responses to any of the Exchange's auction mechanisms and that all auction responses will be processed through the priority queue.³⁴ In addition, the Exchange's rules governing allocations at the conclusion of an auction remain unchanged and, accordingly, priority customer orders resting in the Book will continue to have first priority at each price level at the conclusion of a paired auction.³⁵

IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including 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–CBOE–2020–072 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–2020–072. 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–2020–072, and should be submitted on or before November 10, 2020.

²³ See *id.*

²⁴ The Exchange believes that a shorter auction response period, such as 100 milliseconds, allows the Exchange to provide investors and other TPHs with more timely executions, thereby reducing their market risk. The Exchange notes that TPHs who initiate auction orders in AIM are required to guarantee an execution at the National Best Bid/ Offer ("NBBO") or a better price based on market prices prior to the commencement of the auction and are subject to market risk while the order is exposed during the auction response period. The Exchange states that large price changes can occur in one second or less, leaving initiating TPHs vulnerable to trading losses. The Exchange further states that the initiating TPH's willingness to guarantee its customer an execution at the NBBO or a better price is essential to the customer order gaining the opportunity for price improvement. Accordingly, the Exchange believes that an auction time as low as 100 milliseconds would provide investors and other market participants with more timely executions and reduce their market risk. See Amendment No. 1.

²⁵ See Amendment No. 1.

²⁶ The Book is the electronic book of simple orders and quotes maintained by the System, which single book is used during both the Regular Trading Hours and Global Trading Hours trading sessions. See Choe Rule 1.1.

²⁷ See Notice, 85 FR at 50856.

²⁸ See *id.*

²⁹ See *id.*

³⁰ See *id.*

³¹ See Amendment No. 1.

³² 15 U.S.C. 78f(b). 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).

³³ 15 U.S.C. 78f(b)(5).

³⁴ See Amendment No. 1.

³⁵ See Notice, 85 FR 50856.

V. 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**. Amendment No. 1 does not modify the substance of the proposal or raise new regulatory issues. As described more fully above, Amendment No. 1 clarifies several aspects of the proposal and provides updated data and additional analysis to support the proposal. Among other things, Amendment No. 1 provides further analysis regarding the potential effect of the proposal on non-auction response message traffic, including customer orders. Amendment No. 1 also states that all market participants are permitted to submit auction responses to any of the Exchange's auction mechanisms and that all auction responses will be processed through the priority queue. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,³⁶ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³⁷ that the proposed rule change (SR-CBOE-2020-072), as modified by Amendment No. 1, is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁸

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020-23137 Filed 10-19-20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90185; File No. SR-NYSEAMER-2020-75]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Modify the NYSE American Options Fee Schedule

October 14, 2020.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the

“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on October 8, 2020, NYSE American LLC (“NYSE American” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify the NYSE American Options Fee Schedule (“Fee Schedule”) to extend the waiver of certain Floor-based fixed fees. The Exchange proposes to implement the fee change effective October 8, 2020.⁴ The proposed 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 purpose of this filing is to modify the Fee Schedule to extend the waiver of certain Floor-based fixed fees for market participants that have been unable to resume their Floor operations to a certain capacity level, as discussed below. The Exchange proposes to implement the fee change effective October 8, 2020.

On March 18, 2020, the Exchange announced that it would temporarily

close the Trading Floor, effective Monday, March 23, 2020, as a precautionary measure to prevent the potential spread of COVID-19. Following the temporary closure of the Trading Floor, the Exchange waived certain Floor-based fixed fees for April, May and June 2020.⁵ Although the Trading Floor partially reopened on May 26, 2020 and Floor-based open outcry activity is supported, certain participants have been unable to resume pre-Floor closure levels of operations. As a result, the Exchange extended the fee waiver through July, August, and September 2020, but only for Floor Broker firms that were unable to operate at more than 50% of their March 2020 on-Floor staffing levels and for Market Maker firms that have vacant or “unmanned” Podia for the entire month due to COVID-19 related considerations (the “Qualifying Firms”).⁶ Because the Trading Floor will continue to operate with reduced capacity, the Exchange proposes to extend the fee waiver for Qualifying Firms through the earlier of the first full month of a full reopening of the Trading Floor facilities to Floor personnel or December 2020.⁷ The Exchange also proposes to clarify that Qualifying Firms would include firms that began Floor operations after March 2020 that are unable to operate at more than 50% of their Exchange-approved on-Floor staffing levels.⁸

Specifically, as with the prior fee waivers, the proposed fee waiver covers the following fixed fees for Qualifying

⁵ See Securities Exchange Act Release Nos. 88595 (April 8, 2020), 85 FR 20737 (April 14, 2020) (SR-NYSEAMER-2020-25) (waiving Floor-based fixed fees); 88840 (May 8, 2020), 85 FR 28992 (May 14, 2020) (SR-NYSEAMER-2020-37) (extending April 2020 fee changes through May 2020); and 89049 (June 11, 2020), 85 FR 36649 (June 17, 2020) (SR-NYSEAMER-2020-44) (extending April and May fee changes through June 2020). See also Fee Schedule, Section III. Monthly Trading Permit, Rights, Floor Access and Premium Product Fees, and IV. Monthly Floor Communication, Connectivity, Equipment and Booth or Podia Fees.

⁶ See Securities Exchange Act Release Nos. 89241 (July 7, 2020), 85 FR 42034 (July 13, 2020) (SR-NYSEAMER-2020-47); 89482 (August 5, 2020), 85 FR 48577 (August 11, 2020) (SR-NYSEAMER-2020-55); 89692 (August 27, 2020), 85 FR 54611 (September 2, 2020) (SR-NYSEAMER-2020-65). See also Fee Schedule, Section III. Monthly Trading Permit, Rights, Floor Access and Premium Product Fees, and IV. Monthly Floor Communication, Connectivity, Equipment and Booth or Podia Fees.

⁷ See proposed Fee Schedule, Section III. Monthly Trading Permit, Rights, Floor Access and Premium Product Fees, and IV. Monthly Floor Communication, Connectivity, Equipment and Booth or Podia Fees.

⁸ See *id.* The Exchange originally filed in September 2020 (see *supra* note 4) to make explicit the treatment of firms that began Floor operations after March 2020 and this change applies to firms that joined the Exchange on September 1st or thereafter.

³⁶ 15 U.S.C. 78s(b)(2).

³⁷ 15 U.S.C. 78s(b)(2).

³⁸ 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 The Exchange originally filed to amend the Fee Schedule on September 24, 2020. (SR-NYSEAMER-2020-70) and withdrew such filing on October 8, 2020.

Firms, which relate directly to Floor operations, are charged only to Floor participants and do not apply to participants that conduct business off-Floor:

- Floor Access Fee;
- Floor Broker Handheld;
- Transport Charges;
- Floor Market Maker Podia;
- Booth Premises; and
- Wire Services.⁹

The proposed fee change is designed to reduce monthly costs for all Qualifying Firms whose operations continue to be disrupted even though the Trading Floor has partially reopened. In reducing this monthly financial burden, the proposed change would allow Qualifying Firms that had Floor operations in March 2020 to reallocate funds to assist with the cost of shifting and maintaining their prior fully-staffed on-Floor operations to off-Floor and recoup losses as a result of the partial reopening. Absent this change, all Qualifying Firms may experience an unexpected increase in the cost of doing business on the Exchange.¹⁰ The Exchange believes that all Qualifying Firms would benefit from this proposed fee change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹² in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory

intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹³

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹⁴ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in August 2020, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.¹⁵

This proposed fee change is reasonable, equitable, and not unfairly discriminatory because it would reduce monthly costs for all Qualifying Firms whose operations have been disrupted despite the fact that the Trading Floor has partially reopened because of the social distancing requirements and/or other health concerns related to resuming operation on the Floor. In reducing this monthly financial burden, the proposed change would allow Qualifying Firms that had Floor operations in March 2020 to reallocate funds to assist with the cost of shifting and maintaining their prior fully-staffed on-Floor operations to off-Floor and recoup losses as a result of the partial reopening of the Floor. Absent this change, all Qualifying Firms may experience an unexpected increase in the cost of doing business on the Exchange. The Exchange believes that all Qualifying Firms would benefit from this proposed fee change.

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits as it merely continues the previous fee waiver for Qualifying Firms, which affects fees charged only to Floor participants and does not apply to participants that

conduct business off-Floor. The Exchange believes it is an equitable allocation of fees and credits to extend the fee waiver for Qualifying Firms because such firms have either no more than half of their Floor staff (as measured by either the March 2020 or Exchange-approved) levels or have vacant podia—and this reduction in staffing levels on the Floor impacts the speed, volume and efficiency with which these firms can operate, which is to their financial detriment.

The Exchange believes that the proposal is not unfairly discriminatory because the proposed continuation of the fee waiver would affect all similarly-situated market participants on an equal and non-discriminatory basis.

The Exchange believes that it is reasonable to clarify that firms that began Floor operations on the Exchange after March 2020 would be included as “Qualifying Firms” if such firms are unable to operate at more than 50% of their Exchange-approved on-Floor staffing levels as such treatment places all firms on a level playing field and avoids placing “newer” Qualifying Firms at a financial disadvantage. The Exchange believes that this proposed change would add clarity and transparency and reduce the potential for confusion in the Fee Schedule as relates to the treatment new Floor participants.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange’s statement regarding the burden on competition.

B. Self-Regulatory Organization’s Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act, 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. The Exchange believes that the proposed changes would encourage the continued participation of Qualifying Firms, thereby promoting market depth, price discovery and transparency and would enhance order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission’s goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes “more efficient pricing of individual stocks for all types of orders, large and small.”¹⁶

⁹ See *id.* (including the deletion of the now superfluous word “only” regarding the duration of the fee waiver). In addition, consistent with the proposed changes to the preamble of Section IV of the Fee Schedule to update the potential duration of the fee waiver, which includes a delineation of each fee waived, the Exchange proposes to delete (the now repetitive) references that appear (again) next to each fee waived for Qualifying Firms as well as to delete references to prior months (now concluded) during which the fee waivers were in place. See proposed Fee Schedule, IV. Monthly Floor Communication, Connectivity, Equipment and Booth or Podia Fees.

¹⁰ The Exchange will refund participants of the Floor Broker Prepayment Program for any prepaid 2020 fees that are waived. See proposed Fee Schedule, Section III.E.1 (providing that “the Exchange will refund certain of the prepaid Eligible Fixed costs that were waived for Qualifying Firms, as defined, and set forth in, Sections III.B and IV”).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(4) and (5).

¹³ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) (“Reg NMS Adopting Release”).

¹⁴ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/market-data/volume/default.jsp>.

¹⁵ Based on OCC data, see *id.*, the Exchange’s market share in equity-based options increased slightly from 7.73% for the month of August 2019 to 8.18% for the month of August 2020.

¹⁶ See Reg NMS Adopting Release, *supra* note 13, at 37499.

Intramarket Competition. The proposed change, which continues the fee waiver for all Qualifying Firms, is designed to reduce monthly costs for those Floor participants whose operations continue to be impacted, even though the Trading Floor has partially reopened. In reducing this monthly financial burden, the proposed change would allow Qualifying Firms that had Floor operations in March 2020 to reallocate funds to assist with the cost of shifting and maintaining their previously on-Floor operations to off-Floor. Absent this change, all Qualifying Firms may experience an unintended increase in the cost of doing business on the Exchange, given that the Floor has only reopened in a limited capacity. The Exchange believes that the proposed waiver of fees for Qualifying Firms would not impose a disparate burden on competition among market participants on the Exchange because off-Floor market participants are not subject to these Floor-based fixed fees. In addition, Floor-based firms that are not subject to the extent of staffing shortfalls as are Qualifying Firms, *i.e.*, such firms have more than 50% of their March 2020—or Exchange-approved—staffing levels on the Floor and/or have no vacant Podia during the month, do not face the same operational disruption and potential financial impact during the partial reopening of the Floor.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange currently has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹⁷ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in August 2020, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.¹⁸

The Exchange believes that the proposed rule change reflects this competitive environment because it

waives fees for Qualifying Firms and is designed to reduce monthly costs for Floor participants whose operations continue to be disrupted even though the Trading Floor has partially reopened. In reducing this monthly financial burden, the proposed change would allow affected participants to reallocate funds to assist with the cost of shifting and maintaining their prior fully-staffed on-Floor operations to off-Floor. Absent this change, Qualifying Firms may experience an unintended increase in the cost of doing business on the Exchange, which would make the Exchange a less competitive venue on which to trade as compared to other options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹⁹ of the Act and subparagraph (f)(2) of Rule 19b-4²⁰ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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)²¹ 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-NYSEAMER-2020-75 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-NYSEAMER-2020-75. 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-NYSEAMER-2020-75, and should be submitted on or before November 10, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020-23140 Filed 10-19-20; 8:45 am]

BILLING CODE 8011-01-P

¹⁷ See *supra* note 14.

¹⁸ Based on OCC data, *supra* note 15, the Exchange's market share in equity-based options was 7.73% for the month of August 2019 and 8.18% for the month of August 2020.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(2).

²¹ 15 U.S.C. 78s(b)(2)(B).

²² 17 CFR 200.30-3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16702 and #16703;
North Carolina Disaster Number NC-00119]

**Presidential Declaration of a Major
Disaster for Public Assistance Only for
the State of North Carolina**

AGENCY: U.S. Small Business
Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the
Presidential declaration of a major
disaster for Public Assistance Only for
the State of North Carolina (FEMA-
4568-DR), dated 10/14/2020.

Incident: Hurricane Isaias.

Incident Period: 07/31/2020 through
08/04/2020.

DATES: Issued on 10/14/2020.

*Physical Loan Application Deadline
Date:* 12/14/2020.

*Economic Injury (EIDL) Loan
Application Deadline Date:* 07/14/2021.

ADDRESSES: Submit completed loan
applications to: U.S. Small Business
Administration, Processing and
Disbursement Center, 14925 Kingsport
Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A.
Escobar, Office of Disaster Assistance,
U.S. Small Business Administration,
409 3rd Street SW, Suite 6050,
Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: Notice is
hereby given that as a result of the
President's major disaster declaration on
10/14/2020, Private Non-Profit
organizations that provide essential
services of a governmental nature may
file disaster loan applications at the
address listed above or other locally
announced locations.

The following areas have been
determined to be adversely affected by
the disaster:

Primary Counties: Beaufort, Bertie,
Brunswick, Carteret, Chowan,
Columbus, Craven, Hertford, Hyde,
Jones, New Hanover, Onslow,
Pamlico, Pender, Pitt

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Non-Profit Organizations With Credit Available Elsewhere ...	2.750
Non-Profit Organizations With- out Credit Available Else- where	2.750
<i>For Economic Injury:</i>	
Non-Profit Organizations With- out Credit Available Else- where	2.750

The number assigned to this disaster
for physical damage is 167028 and for
economic injury is 167030.

(Catalog of Federal Domestic Assistance
Number 59008)

Cynthia Pitts,

*Acting Associate Administrator for Disaster
Assistance.*

[FR Doc. 2020-23129 Filed 10-19-20; 8:45 am]

BILLING CODE 8026-03-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16699; Illinois
Disaster Number IL-00062 Declaration of
Economic Injury]

**Administrative Declaration of an
Economic Injury Disaster for the State
of Illinois**

AGENCY: U.S. Small Business
Administration.

ACTION: Notice.

SUMMARY: This is a notice of an
Economic Injury Disaster Loan (EIDL)
declaration for the State of Illinois,
dated 10/13/2020.

Incident: Civil Unrest.

Incident Period: 05/26/2020 through
07/30/2020.

DATES: Issued on 10/13/2020.

*Economic Injury (EIDL) Loan
Application Deadline Date:* 07/13/2021.

ADDRESSES: Submit completed loan
applications to: U.S. Small Business
Administration, Processing and
Disbursement Center, 14925 Kingsport
Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A.
Escobar, Office of Disaster Assistance,
U.S. Small Business Administration,
409 3rd Street SW, Suite 6050,
Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: Notice is
hereby given that as a result of the
Administrator's EIDL declaration,
applications for economic injury
disaster loans may be filed at the
address listed above or other locally
announced locations.

The following areas have been
determined to be adversely affected by
the disaster:

Primary Counties: Adams, Boone,
Champaign, DuPage, Kane, Knox,
La Salle, Macon, McLean, Morgan,
Peoria, Saint Clair, Sangamon,
Stephenson, Tazewell, Will,
Winnebago

Contiguous Counties:

Illinois: Brown, Bureau, Carroll, Cass,
Christian, Clinton, Cook, De Witt,
DeKalb, Douglas, Edgar, Ford,
Fulton, Greene, Grundy, Hancock,
Henry, Jo Daviess, Kankakee,
Kendall, Lee, Livingston, Logan,
Macoupin, Madison, Marshall,
Mason, McHenry, Menard, Mercer,
Monroe, Montgomery, Moultrie,

Ogle, Piatt, Pike, Putnam,
Randolph, Schuyler, Scott, Shelby,
Stark, Vermilion, Warren,
Washington Woodford
Indiana: Lake
Missouri: Lewis, Marion, Saint Louis,
Saint Louis City
Wisconsin: Green, Lafayette, Rock,
Walworth

The Interest Rates are:

	Percent
Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere	3.000
Non-Profit Organizations without Credit Available Elsewhere	2.750

The number assigned to this disaster
for economic injury is 166990.

The States which received an EIDL
Declaration # are Illinois, Indiana,
Missouri, Wisconsin.

(Catalog of Federal Domestic Assistance
Number 59008)

Jovita Carranza,
Administrator.

[FR Doc. 2020-23127 Filed 10-19-20; 8:45 am]

BILLING CODE 8026-03-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16674 and #16675;
ALABAMA Disaster Number AL-00111]

**Presidential Declaration Amendment of
a Major Disaster for the State of
Alabama**

AGENCY: U.S. Small Business
Administration.

ACTION: Amendment 1.

SUMMARY: This is an amendment of the
Presidential declaration of a major
disaster for the State of Alabama
(FEMA-4563-DR), dated 09/20/2020.

Incident: Hurricane Sally.

Incident Period: 09/14/2020 through
09/16/2020.

DATES: Issued on 10/13/2020.

*Physical Loan Application Deadline
Date:* 11/19/2020.

*Economic Injury (EIDL) Loan
Application Deadline Date:* 06/21/2021.

ADDRESSES: Submit completed loan
applications to: U.S. Small Business
Administration, Processing and
Disbursement Center, 14925 Kingsport
Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A.
Escobar, Office of Disaster Assistance,
U.S. Small Business Administration,
409 3rd Street SW, Suite 6050,
Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: The notice
of the President's major disaster

declaration for the State of Alabama, dated 09/20/2020, is hereby amended to establish the incident period for this disaster as beginning 09/14/2020 and continuing through 09/16/2020.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Number 59008)

Cynthia Pitts,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2020–23133 Filed 10–19–20; 8:45 am]

BILLING CODE 8026–03–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16700 and #16701; ALABAMA Disaster Number AL–00112]

Presidential Declaration Amendment of a Major Disaster for Public Assistance Only for the State of Alabama

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 1.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Alabama (FEMA–4563–DR), dated 10/09/2020.

Incident: Hurricane Sally.

Incident Period: 09/14/2020 through 09/16/2020.

DATES: Issued on 10/13/2020.

Physical Loan Application Deadline Date: 12/08/2020.

Economic Injury (EIDL) Loan Application Deadline Date: 07/09/2021.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: The notice of the President's major disaster declaration for Private Non-Profit organizations in the State of Alabama, dated 10/09/2020, is hereby amended to establish the incident period for this disaster as beginning 09/14/2020 and continuing through 09/16/2020.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Number 59008)

Cynthia Pitts,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2020–23125 Filed 10–19–20; 8:45 am]

BILLING CODE 8026–03–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16700 and #16701; ALABAMA Disaster Number AL–00112]

Presidential Declaration Amendment of a Major Disaster for Public Assistance Only for the State of Alabama

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Alabama (FEMA–4563–DR), dated 10/09/2020.

Incident: Hurricane Sally.

Incident Period: 09/14/2020 through 09/16/2020.

DATES: Issued on 10/13/2020.

Physical Loan Application Deadline Date: 12/08/2020.

Economic Injury (EIDL) Loan Application Deadline Date: 07/09/2021.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: The notice of the President's major disaster declaration for Private Non-Profit organizations in the State of Alabama, dated 10/09/2020, is hereby amended to include the following areas as adversely affected by the disaster.

Primary Counties: Barbour, Butler, Clarke, Coffee, Covington, Crenshaw, Geneva, Houston, Pike, and the Poarch Band of Creek Indians.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Number 59008)

Cynthia Pitts,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2020–23130 Filed 10–19–20; 8:45 am]

BILLING CODE 8026–03–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16567 and #16568; Minnesota Disaster Number MN–00081]

Administrative Declaration Amendment of a Disaster for the State of Minnesota

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 1.

SUMMARY: This is an amendment of the Administrative declaration of a disaster for the State of Minnesota dated 08/03/2020.

Incident: Civil Unrest.

Incident Period: 05/27/2020 through 06/08/2020.

DATES: Issued on 10/13/2020.

Physical Loan Application Deadline Date: 11/02/2020.

Economic Injury (EIDL) Loan Application Deadline Date: 05/03/2021.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: The notice of the Administrator's disaster declaration for the State of Minnesota, dated 08/03/2020, is hereby amended to extend the deadline for filing applications for physical damages as a result of this disaster to 11/02/2020.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Number 59008)

Jovita Carranza,

Administrator.

[FR Doc. 2020–23126 Filed 10–19–20; 8:45 am]

BILLING CODE 8026–03–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #16685 and #16686; Florida Disaster Number FL–00158]

Presidential Declaration Amendment of a Major Disaster for Public Assistance Only for the State of Florida

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Florida (FEMA–4564–DR), dated 09/23/2020.

Incident: Hurricane Sally.
Incident Period: 09/14/2020 and continuing.

DATES: Issued on 10/13/2020.

Physical Loan Application Deadline Date: 11/23/2020.

Economic Injury (EIDL) Loan Application Deadline Date: 06/23/2021.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: The notice of the President's major disaster declaration for Private Non-Profit organizations in the State of Florida, dated 09/23/2020, is hereby amended to include the following areas as adversely affected by the disaster.

Primary Counties: Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Liberty, Okaloosa, Walton, Washington

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Number 59008)

Cynthia Pitts,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2020-23131 Filed 10-19-20; 8:45 am]

BILLING CODE 8026-03-P

SUSQUEHANNA RIVER BASIN COMMISSION

Grandfathering (GF) Registration Notice

AGENCY: Susquehanna River Basin Commission.

ACTION: Notice.

SUMMARY: This notice lists Grandfathering Registration for projects by the Susquehanna River Basin Commission during the period set forth in **DATES**.

DATES: September 1-30, 2020.

ADDRESSES: Susquehanna River Basin Commission, 4423 North Front Street, Harrisburg, PA 17110-1788.

FOR FURTHER INFORMATION CONTACT: Jason E. Oyler, General Counsel and Secretary to the Commission, telephone: (717) 238-0423, ext. 1312; fax: (717) 238-2436; email: joyler@srbc.net. Regular mail inquiries May be sent to the above address.

SUPPLEMENTARY INFORMATION: This notice lists GF Registration for projects, described below, pursuant to 18 CFR 806, Subpart E for the time period specified above:

Grandfathering Registration Under 18 CFR Part 806, Subpart E

1. Federal Bureau of Prisons—Federal Correctional Institution at Loretto, GF Certificate No. GF-202009111, Allegheny Township and Borough of Loretto, Cambria County, Pa.; Well 1 and consumptive use; Issue Date: September 10, 2020.

2. Troy Borough—Troy Borough Water Department, GF Certificate No. GF-202009112, Troy Borough, Bradford County, Pa.; Wells 1, 2, and 3; Issue Date: September 10, 2020.

3. Weaverland Valley Authority—Blue Ball Water System, GF Certificate No. GF-202009113, East Earl Township, Lancaster County, Pa.; Wells 1, 2, and 3; Issue Date: September 10, 2020.

4. Virginia and Larry Morton—Virginia and Larry Morton Farms, GF Certificate No. GF-202009114, Porter Township, Schuylkill County, Pa.; Wiconisco Creek; Issue Date: September 10, 2020.

5. City of Oneonta—Public Water Supply System, GF Certificate No. GF-202009115, City and Town of Oneonta, Otsego County, N.Y.; Wilber Lake/Lower Reservoir; Issue Date: September 10, 2020.

6. The Municipal Authority of the Borough of Berlin—Public Water Supply System, GF Certificate No. GF-202009116, Allegheny Township, Somerset County, Pa.; Well 6; Issue Date: September 18, 2020.

7. Iron Masters Country Club, GF Certificate No. GF-202009117, Bloomfield Township, Bedford County, Pa.; Wells 10 and 14; Issue Date: September 18, 2020.

8. Sinking Valley Country Club, GF Certificate No. GF-202009118, Tyrone Township, Blair County, Pa.; 14th Fairway Well and 8th Tee Well; Issue Date: September 18, 2020.

Authority: Pub. L. 91-575, 84 Stat. 1509 *et seq.*, 18 CFR parts 806 and 808.

Dated: October 15, 2020.

Jason E. Oyler,

General Counsel and Secretary to the Commission.

[FR Doc. 2020-23174 Filed 10-19-20; 8:45 am]

BILLING CODE 7040-01-P

SUSQUEHANNA RIVER BASIN COMMISSION

Projects Approved for Consumptive Uses of Water

AGENCY: Susquehanna River Basin Commission.

ACTION: Notice.

SUMMARY: This notice lists the projects approved by rule by the Susquehanna River Basin Commission during the period set forth in **DATES**.

DATES: September 1-30, 2020.

ADDRESSES: Susquehanna River Basin Commission, 4423 North Front Street, Harrisburg, PA 17110-1788.

FOR FURTHER INFORMATION CONTACT: Jason E. Oyler, General Counsel and Secretary to the Commission, telephone: (717) 238-0423, ext. 1312; fax: (717) 238-2436; email: joyler@srbc.net. Regular mail inquiries May be sent to the above address.

SUPPLEMENTARY INFORMATION: This notice lists the projects, described below, receiving approval for the consumptive use of water pursuant to the Commission's approval by rule process set forth in 18 CFR 806.22 (f)(13) and 18 CFR 806.22 (f) for the time period specified above:

Water Source Approval—Issued Under 18 CFR 806.22(e)

1. Warrior Trail Properties, LLC; Project Schooner; ABR-202009005; Hazle Township, Luzerne County, Pa.; Consumptive Use of Up to 1.400 mgd; Approval Date: September 4, 2020.

Water Source Approval—Issued Under 18 CFR 806.22(f)

1. Chief Oil & Gas, LLC; Pad ID: Allen Drilling Pad #1; ABR-201009002.R2; Asylum Township, Bradford County, Pa.; Consumptive Use of Up to 2.0000 mgd; Approval Date: September 3, 2020.

2. Chesapeake Appalachia, L.L.C.; Pad ID: Alberta; ABR-201009007.R2; Albany Township, Bradford County, Pa.; Consumptive Use of Up to 7.50000 mgd; Approval Date: September 3, 2020.

3. Diversified Production, LLC; Pad ID: Phoenix C; ABR-201006114.R2; Duncan Township, Tioga County, Pa.; Consumptive Use of Up to 3.0000 mgd; Approval Date: September 3, 2020.

4. Blackhawk Energy LLC; Pad ID: Shannon Todd Pad A; ABR-201009006.R2; Todd Township, Huntingdon County, Pa.; Consumptive Use of Up to 3.0000 mgd; Approval Date: September 3, 2020.

5. ARD Operating, LLC; Pad ID: COP Tr 344 Pad A; ABR-20100694.R2; Noyes Township, Clinton County, Pa.;

Consumptive Use of Up to 4.0000 mgd; Approval Date: September 3, 2020.

6. Rockdale Marcellus, LLC; Pad ID: Zeafla 747; ABR–20100682.R2; Jackson Township, Lycoming County, Pa.; Consumptive Use of Up to 4.9900 mgd; Approval Date: September 3, 2020.

7. ARD Operating, LLC; Pad ID: COP Tr 342 A; ABR–20100695.R2; Beech Creek Township, Clinton County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 7, 2020.

8. XTO Energy, Inc.; Pad ID: MARQUARDT 8534H; ABR–20100664.R2; Penn Township, Lycoming County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 8, 2020.

9. Seneca Resources Company, LLC; Pad ID: C09–J; ABR–201507002.R1; Shippen Township, Cameron County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 8, 2020.

10. Chesapeake Appalachia, L.L.C.; Pad ID: Connell; ABR–201009084.R2; Cherry Township, Sullivan County, Pa.; Consumptive Use of Up to 7.50000 mgd; Approval Date: September 10, 2020.

11. Chesapeake Appalachia, L.L.C.; Pad ID: Decker Farms; ABR–201009037.R2; Rush Township, Susquehanna County, Pa.; Consumptive Use of Up to 7.5000 mgd; Approval Date: September 10, 2020.

12. ARD Operating, LLC; Pad ID: Robert C. Ulmer Pad A; ABR–201007049.R2; Watson Township, Lycoming County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 14, 2020.

13. Repsol Oil & Gas (USA), LLC; Pad ID: YURKANIN (03 014) J; Columbia Township, Bradford County, Pa.; Consumptive Use of Up to 7.5000 mgd; Approval Date: September 14, 2020.

14. ARD Operating, LLC; Pad ID: COP 551 Pad B; ABR–202009001; Cascade Township, Lycoming County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 14, 2020.

15. ARD Operating, LLC; Pad ID: Chapman Bohlin Pad A; ABR–202009002; Cascade Township, Lycoming County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 14, 2020.

16. Cabot Oil & Gas Corporation; Pad ID: RozellC P1; ABR–20100542.R2; Jessup Township, Susquehanna County, Pa.; Consumptive Use of Up to 5.0000 mgd; Approval Date: September 16, 2020.

17. Cabot Oil & Gas Corporation; Pad ID: HullR P2; ABR–20100612.R2; Springville Township, Susquehanna County, Pa.; Consumptive Use of Up to 5.0000 mgd; Approval Date: September 16, 2020.

18. LPR Energy, LLC; Pad ID: Shannon Land & Mining Drilling Pad #1; ABR–20100628.R2; Lawrence Township, Clearfield County, Pa.; Consumptive Use of Up to 2.0000 mgd; Approval Date: September 25, 2020.

19. ARD Operating, LLC; Pad ID: Ann M. Mercier Pad A; ABR–201007071.R2; Cogan House Township, Lycoming County, Pa.; Consumptive Use of Up to 4.0000 mgd; Approval Date: September 25, 2020.

20. LPR Energy, LLC; Pad ID: Lightner Drilling Pad #1; ABR–201007045.R2; Juniata Township, Blair County, Pa.; Consumptive Use of Up to 2.0000 mgd; Approval Date: September 28, 2020.

21. SWN Production Company, LLC; Pad ID: Robinson; ABR–20100653.R2; Stevens Township, Bradford County, Pa.; Consumptive Use of Up to 4.9990 mgd; Approval Date: September 28, 2020.

22. Cabot Oil & Gas Corporation.; Pad ID: Griffiths J P1; ABR–202009004; Rush Township, Susquehanna County, Pa.; Consumptive Use of Up to 5.0000 mgd; Approval Date: September 28, 2020.

Approvals By Rule—Revoked Under 18 CFR 806.22(f)

1. EQT Production Company; Pad ID: Phoenix B; ABR–201511003; Morris Township, Tioga County, Pa.; Revocation Date: September 22, 2020.

2. Rockdale Marcellus, LLC; Pad ID: Zeafla 747; ABR–20100682.R2; Jackson Township, Lycoming County, Pa.; Revocation Date: September 28, 2020.

Authority: Pub. L. 91–575, 84 Stat. 1509 *et seq.*, 18 CFR parts 806, 807, and 808.

Dated: October 15, 2020.

Jason E. Oyler,
General Counsel and Secretary to the Commission.

[FR Doc. 2020–23171 Filed 10–19–20; 8:45 am]

BILLING CODE 7040–01–P

SUSQUEHANNA RIVER BASIN COMMISSION

Public Hearing

AGENCY: Susquehanna River Basin Commission.

ACTION: Supplement to notice.

SUMMARY: The Susquehanna River Basin Commission will hold a public hearing on November 5, 2020. Notice of that public hearing was published in the **Federal Register** on October 7, 2020. In addition to the items listed in that October 7, 2020 Notice, the Commission wishes to supplement that Notice to include additional items. The Commission will also hear testimony on a proposed Use of Lesser Quality Waters

Policy as well as proposals to amend its Regulatory Program Fee Schedule. Due to the COVID–19 situation and the relevant orders in place in the Commission’s member jurisdictions, the Commission will hold this hearing telephonically. At this public hearing, the Commission will hear testimony on the projects listed in the October 7, 2020 Notice and the proposals in the Supplementary Information section of this notice. Such projects and proposals are intended to be scheduled for Commission action at its next business meeting, tentatively scheduled for December 11, 2020, which will be noticed separately. The public should take note that this public hearing will be the only opportunity to offer oral comment to the Commission for the listed proposals. The deadline for the submission of written comments is November 18, 2020.

DATES: The public hearing will convene on November 5, 2020, at 2:30 p.m. The public hearing will end at 5:00 p.m. or at the conclusion of public testimony, whichever is sooner. The deadline for the submission of written comments is November 18, 2020.

ADDRESSES: This hearing will be held by telephone rather than at a physical location. Conference Call # 1–888–387–8686, the Conference Room Code #9179686050.

FOR FURTHER INFORMATION CONTACT:

Jason Oyler, General Counsel and Secretary to the Commission, telephone: (717) 238–0423; fax: (717) 238–2436.

Information concerning the proposals discussed in this Notice can be found at the Commission’s website at www.srbc.net. Additional supporting documents are available to inspect and copy in accordance with the Commission’s Access to Records Policy at www.srbc.net/regulatory/policies-guidance/docs/access-to-records-policy-2009-02.pdf.

SUPPLEMENTARY INFORMATION: The Commission is proposing a new Use of Lesser Quality Waters Policy that would replace its current policy. The Commission is also proposing changes to its Regulatory Program Fee Schedule, which it typically does on an annual basis. This Notice supplements the October 7, 2020 Notice of Public Hearing and the projects listed in that Notice remain a part of the public hearing.

Opportunity to Appear and Comment: Interested parties may call into the hearing to offer comments to the Commission on any business listed above required to be subject of a public hearing. Given the telephonic nature of the meeting, the Commission strongly

encourages those members of the public wishing to provide oral comments to pre-register with the Commission by emailing Jason Oyler at joyler@srbc.net prior to the hearing date. The presiding officer reserves the right to limit oral statements in the interest of time and to otherwise control the course of the hearing. Access to the hearing via telephone will begin at 2:15 p.m. Guidelines for the public hearing are posted on the Commission's website, www.srbc.net, prior to the hearing for review. The presiding officer reserves the right to modify or supplement such guidelines at the hearing. Written comments on any business listed above required to be subject of a public hearing may also be mailed to Mr. Jason Oyler, Secretary to the Commission, Susquehanna River Basin Commission, 4423 North Front Street, Harrisburg, Pa. 17110-1788, or submitted electronically through <https://www.srbc.net/regulatory/public-comment/>. Comments mailed or electronically submitted must be received by the Commission on or before November 18, 2020, to be considered.

Authority: Pub. L. 91-575, 84 Stat. 1509 *et seq.*, 18 CFR parts 806, 807, and 808.

Dated: October 15, 2020.

Jason E. Oyler,

General Counsel and Secretary to the Commission.

[FR Doc. 2020-23173 Filed 10-19-20; 8:45 am]

BILLING CODE 7040-01-P

SUSQUEHANNA RIVER BASIN COMMISSION

Projects Approved for Minor Modifications

AGENCY: Susquehanna River Basin Commission.

ACTION: Notice.

SUMMARY: This notice lists the minor modifications approved for a previously approved project by the Susquehanna River Basin Commission during the period set forth in **DATES**.

DATES: September 1-30, 2020.

ADDRESSES: Susquehanna River Basin Commission, 4423 North Front Street, Harrisburg, PA 17110-1788.

FOR FURTHER INFORMATION CONTACT:

Jason E. Oyler, General Counsel, telephone: (717) 238-0423, ext. 1312; fax: (717) 238-2436; email: joyler@srbc.net. Regular mail inquiries may be sent to the above address.

SUPPLEMENTARY INFORMATION: This notice lists previously approved projects, receiving approval of minor modifications, described below, pursuant to 18 CFR 806.18 or to Commission Resolution Nos. 2013-11 and 2015-06 for the time period specified above:

Minor Modification Issued Under 18 CFR 806.18

1. Tulpehocken Spring Water, Inc., Docket No. 20200315, Sugarloaf and Benton Townships, Columbia County, Pa.; approval authorizing the additional water use purpose of bulk supply for hydrostatic testing; Approval Date: September 1, 2020.

Authority: Pub. L. 91-575, 84 Stat. 1509 *et seq.*, 18 CFR parts 806, 807, and 808.

Dated: October 15, 2020.

Jason E. Oyler,

General Counsel and Secretary to the Commission.

[FR Doc. 2020-23172 Filed 10-19-20; 8:45 am]

BILLING CODE 7040-01-P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Notice of OFAC Sanctions Actions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing an update to the identifying information of a person currently included in the list of Specially Designated Nationals and Blocked Persons. All property and interests in property subject to U.S. jurisdiction of these persons are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

DATES: See **SUPPLEMENTARY INFORMATION** section for applicable date(s).

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; or the Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The Specially Designated Nationals and Blocked Persons List and additional information concerning OFAC sanctions programs are available on OFAC's website (www.treasury.gov/ofac).

Notice of OFAC Action[s]

On October 14, 2020, OFAC updated the Specially Designated Nationals and Blocked Persons List entry for the following person, whose property and interests in property subject to U.S. jurisdiction continue to be blocked.

BILLING CODE 4810-AL-P

Individuals:

1. CHAN, Eric (a.k.a. CHAN, Eric Kwok-ki; a.k.a. CHAN, Kwok-ki (Chinese Simplified: 陈国基; Chinese Traditional: 陳國基)), Flat F, 20 Floor, Block 2, Royal Ascot, Shatin, Hong Kong; DOB 05 Apr 1959; POB Hong Kong; nationality Hong Kong; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; National ID No. G142458A (Hong Kong); Secretary General, Committee for Safeguarding National Security of the Hong Kong Special Administrative Region (individual) [HK-EO13936].
2. CHENG, Teresa (a.k.a. CHENG, Teresa Yeuk-wah; a.k.a. CHENG, Yeuk Wah), House No. 4, Villa De Mer, 5 Lok Chui Street, Tuen Mun, Hong Kong; DOB 11 Nov 1958; POB Hong Kong; nationality Hong Kong; Gender Female; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; Passport KJ0221326 (Hong Kong) issued 28 Jan 2012 expires 28 Jan 2022; National ID No. G579067A (Hong Kong); Secretary for Justice (individual) [HK-EO13936].
3. LAM, Carrie (a.k.a. LAM CHENG, Carrie Yuet-ngor; a.k.a. LAM CHENG, Yuet-ngor (Chinese Simplified: 林郑月娥; Chinese Traditional: 林鄭月娥)), Victoria House, No. 15 Barker Road, The Peak, Hong Kong; DOB 13 May 1957; POB Hong Kong; nationality Hong Kong; Gender Female; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; Passport KJ0505670 (Hong Kong) issued 13 Apr 2016 expires 13 Apr 2026; National ID No. D3356664 (Hong Kong); Chief Executive of the Hong Kong Special Administrative Region (individual) [HK-EO13936].
4. LEE, John Ka-chiu (a.k.a. LEE, John; a.k.a. LEE, Ka Chiu (Chinese Traditional: 李家超); a.k.a. "LI, Jiachao"), Flat A, 5/F, Block 2, King's Park Villa, No. 1 King's Park Rise, Homantin, Kowloon, Hong Kong; DOB 07 Dec 1957; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; National ID No. G0286787 (Hong Kong); Secretary for Security (individual) [HK-EO13936].
5. LUO, Huining (Chinese Simplified: 骆惠宁; Chinese Traditional: 駱惠寧), Hong Kong; DOB 05 Oct 1954; POB Dangtu, China; nationality China; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; National ID No. 340103195410053558 (China); Director, Hong Kong Liaison Office (individual) [HK-EO13936].
6. TANG, Chris (a.k.a. TANG, Ping-keung (Chinese Traditional: 鄧炳強)), 1 Arsenal Street, Hong Kong; DOB 04 Jul 1965; POB Hong Kong; nationality Hong Kong; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; Passport KJ0638810 (Hong Kong) issued 14 Oct 2017 expires 14 Oct 2027; National ID No. D4118015 (Hong Kong); Commissioner of Police (individual) [HK-EO13936].

7. TSANG, Erick (a.k.a. CENG, Guowei; a.k.a. TSANG, Erick Kwok-wai; a.k.a. TSANG, Kwok-wai (Chinese Traditional: 曾國衛; Chinese Simplified: 曾国卫); a.k.a. ZENG, Guowei), Flat 5F, Block 6, New Jade Gardens, Chaiwan, Hong Kong; DOB 01 Sep 1963; POB Hong Kong; nationality Hong Kong; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; National ID No. E9963190 (Hong Kong); Secretary for Constitutional and Mainland Affairs (individual) [HK-EO13936].
8. XIA, Baolong (Chinese Simplified: 夏宝龙; Chinese Traditional: 夏寶龍), China; DOB 01 Dec 1952 to 31 Dec 1952; POB Tianjin, China; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; Director, Hong Kong and Macao Affairs Office of the State Council (individual) [HK-EO13936].
9. ZHANG, Xiaoming (Chinese Simplified: 张晓明; Chinese Traditional: 張曉明), China; DOB 03 Sep 1963; POB Taizhou, China; nationality China; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; National ID No. 11010819630903003X (China); Deputy Director, Hong Kong and Macao Affairs Office of the State Council (individual) [HK-EO13936].
10. ZHENG, Yanxiong (Chinese Simplified: 郑雁雄; Chinese Traditional: 鄭雁雄), Apt 608, 50 Huali Road, Guangzhou, Guangdong 510623, China; DOB 25 Aug 1963; POB Shantou, China; nationality China; Gender Male; **Secondary sanctions risk: pursuant to the Hong Kong Autonomy Act of 2020 – Public Law 116–149**; Passport SE0226769 (China) issued 10 Aug 2016 expires 10 Aug 2021; National ID No. 440111196308254212 (China); Director, Office for Safeguarding National Security in Hong Kong (individual) [HK-EO13936].

Dated: October 14, 2020.

Andrea Gacki,

*Director, Office of Foreign Assets Control,
U.S. Department of the Treasury.*

[FR Doc. 2020-23165 Filed 10-19-20; 8:45 am]

BILLING CODE 4810-AL-C

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

[Case ID DPRK-17839]

Notice of OFAC Sanctions Actions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is updating the entries of 490 persons on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List).

DATES: See **SUPPLEMENTARY INFORMATION** section for applicable date(s).

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 and additional information concerning OFAC sanctions programs are available on OFAC's website (www.treasury.gov/ofac).

Notice of OFAC Actions

On April 10, 2020 OFAC amended the North Korea Sanctions Regulations, 31 CFR part 510, to implement the Treasury-administered provisions of the North Korea Sanctions and Policy

Enhancement Act of 2016, as amended by the Countering America's Adversaries Through Sanctions Act and the National Defense Authorization Act for Fiscal Year 2020. Specifically, OFAC added a new prohibition to the regulations that is applicable to persons that are owned or controlled by a U.S. financial institution and established or maintained outside of the United States. OFAC has reviewed the individuals and entities on its Specially Designated Nationals and Blocked Persons List (SDN List) for North-Korea related activities and determined that 490 of these SDN List entries should also contain the information about the new regulatory prohibition. Accordingly, OFAC has added the reference "Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214" to the SDN List entries for the 490 persons listed below.

BILLING CODE 4810-AL-P

Individuals:

1. AMTCHENTSEV, Vladlen, Singapore; DOB 25 Jan 1969; POB Klimovsk, Russia; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport M00021291 (South Africa) issued 04 May 2010 expires 03 May 2020; National ID No. 6901256079081 (South Africa) (individual) [DPRK3] (Linked To: VELMUR MANAGEMENT PTE LTD).
2. CHA, Sung Jun (a.k.a. CH'A, Su'ng-chun), Beijing, China; DOB 04 Jun 1966; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472434355 (individual) [DPRK4].
3. CHANG, Chang-ha (a.k.a. JANG, Chang Ha); DOB 10 Jan 1964; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; President of Second Academy of Natural Sciences (individual) [DPRK2] (Linked To: SECOND ACADEMY OF NATURAL SCIENCES).
4. CHANG, Kyong-hwa (a.k.a. JANG, Kyong Hwa); DOB 13 Nov 1951; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Official at Second Academy of Natural Sciences (individual) [DPRK2] (Linked To: SECOND ACADEMY OF NATURAL SCIENCES).
5. CHANG, Myong-Chin (a.k.a. JANG, Myong-Jin); DOB 1966; alt. DOB 1965; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].
6. CHANG, Wen-Fu (a.k.a. CHANG, Tony; a.k.a. ZHANG, Wen-Fu); DOB 01 Apr 1965; nationality Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 211606395 (Taiwan) (individual) [NPWMD].
7. CHEN, Mei Hsiang (Chinese Traditional: 陳美香) (a.k.a. CHEN, Mei-Hsiang), Taiwan; DOB 06 May 1961; nationality Taiwan; Gender Female; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea

Sanctions Regulations section 510.214; Passport 314009735; National ID No. Q221029421 (individual) [DPRK4].

8. CHI, Yupeng, Room 301, Unit 1, No. 129 Jiangcheng Street, Yuanbao District, Dandong City, Liaoning Province, China; DOB 22 May 1969; nationality China; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport E27979708 (China); National ID No. 210602196905220510 (China); Chairman and Majority Owner, Dandong Zhicheng Metallic Material Co., Ltd. (individual) [DPRK3] (Linked To: DANDONG ZHICHENG METALLIC MATERIAL CO., LTD.).

9. CHO, Chun-ryong (a.k.a. JO, Chun Ryong); DOB 04 Apr 1960; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Chairman of the Second Economic Committee (individual) [DPRK2] (Linked To: SECOND ECONOMIC COMMITTEE).

10. CHO, Il-U (a.k.a. CHO, Ch'o'l; a.k.a. CHO, Il Woo; a.k.a. JO, Chol), Korea, North; DOB 10 May 1945; POB Musan, North Hamgyo'ng Province, North Korea; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 736410010 (Korea, North); Director of the Fifth Bureau of the Reconnaissance General Bureau (individual) [DPRK2].

11. CHO, Yon Chun (a.k.a. JO, Yon Jun), Korea, North; DOB 28 Sep 1937; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; First Vice Director of the Organization and Guidance Department (individual) [DPRK2].

12. CHOE, Chang Pong, Korea, North; DOB 02 Jun 1964; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 381320227 (Korea, North) expires 29 Jul 2016; Director of the Investigation Bureau of the Ministry of People's Security (individual) [DPRK2].

13. CHOE, Chun-sik (a.k.a. CHOE, Chun Sik; a.k.a. CH'OE, Ch'un-sik), Korea, North; DOB 12 Oct 1954; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD] (Linked To: SECOND ACADEMY OF NATURAL SCIENCES).

14. CHOE, Hwi, Korea, North; DOB 01 Jan 1954 to 31 Dec 1955; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; First Vice Director of the Workers' Party of Korea Propaganda and Agitation Department (individual) [DPRK2].
15. CHOE, Pu Il (a.k.a. CH'OE, Pu-il; a.k.a. CHOI, Bu-il), Korea, North; DOB 06 Mar 1944; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Minister of People's Security (individual) [DPRK3] (Linked To: MINISTRY OF PEOPLE'S SECURITY).
16. CHOE, Ryong Hae (a.k.a. CH'OE, Ryong-hae); DOB 15 Jan 1950; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of the Workers' Party of Korea Organization and Guidance Department (individual) [DPRK2].
17. CHOE, Song Il, Vietnam; DOB 08 Jun 1973; citizen Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472320665 (Korea, North) expires 26 Sep 2017; alt. Passport 563120356 (Korea, North) issued 19 Mar 2018; Tanchon Commercial Bank Representative in Vietnam (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).
18. CHOE, Song Nam (a.k.a. CH'OE, So'ng-nam), Shenyang, China; DOB 07 Jan 1979; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563320192 expires 09 Aug 2018; Korea Daesong Bank Representative (individual) [DPRK4].
19. CH'OE, So'k-min, Shenyang, China; DOB 25 Jul 1978; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Foreign Trade Bank of the Democratic People's Republic of Korea representative (individual) [DPRK2].
20. CHOE, Chun Yong (a.k.a. CH'OE, Ch'un-yo'ng), Moscow, Russia; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654410078 (Korea, North); Ilsim International Bank representative (individual)

[DPRK3] (Linked To: ILSIM INTERNATIONAL BANK).

21. CHU, Hyo'k (a.k.a. JU, Hyok), Vladivostok, Russia; DOB 23 Nov 1986; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 836420186 (Korea, North) issued 28 Oct 2016 expires 28 Oct 2021; Foreign Trade Bank of the Democratic People's Republic of Korea representative (individual) [DPRK4].

22. CHU, Kyu-Chang (a.k.a. CHU, Kyu-Ch'ang; a.k.a. JU, Kyu-Chang); DOB 25 Nov 1928; POB Hamju County, South Hamgyong Province, Democratic People's Republic of Korea; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].

23. CULHA, Erhan; DOB 17 Oct 1954; POB Istanbul, Turkey; nationality Turkey; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport U09787534 (Turkey) issued 12 Sep 2014 expires 12 Sep 2024; Personal ID Card 10589535602; General Manager (individual) [DPRK] (Linked To: SIA FALCON INTERNATIONAL GROUP).

24. HAN, Jang Su (a.k.a. HAN, Chang-su), Moscow, Russia; DOB 08 Nov 1969; POB Pyongyang; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 745420176 expires 19 Oct 2020; Foreign Trade Bank chief representative (individual) [NPWMD].

25. HAN, Kwon U (a.k.a. HAN, Kon U; a.k.a. HAN, Ko'n-u; a.k.a. HAN, Kwo'n-u), Zhuhai, China; DOB 21 Aug 1962; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 745434880; Korea Ryonbong General Corporation Representative in Zhuhai, China (individual) [DPRK2].

26. HO, Yong Il (a.k.a. HO', Yo'ng-il), Dandong, China; DOB 09 Sep 1968; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK4].

27. HONG, Jinhua, China; DOB 19 Jan 1972; nationality China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions

Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; National Foreign ID Number 210604197201190322 (China); Deputy General Manager, Dandong Hongxiang Industrial Development Co Ltd (individual) [NPWMD] (Linked To: DANDONG HONGXIANG INDUSTRIAL DEVELOPMENT CO LTD).

28. HUANG, Wang Ken (Chinese Traditional: 黃旺根) (a.k.a. HUANG, Wan Ken; a.k.a. HUANG, Wang-gen; a.k.a. HUANG, Wan-Ken), Taiwan; DOB 18 Jul 1960; nationality Taiwan; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK4].

29. HUIISH, Irina Igorevna (a.k.a. BURLOVA, Irina), Russia; South Africa; DOB 18 Jan 1973; Gender Female; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK3] (Linked To: VELMUR MANAGEMENT PTE LTD).

30. HUSSAIN, Mavungal; DOB 03 Jun 1961; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK2] (Linked To: KOREA MINING DEVELOPMENT TRADING CORPORATION).

31. HWANG, Pyong So (a.k.a. HWANG, Pyo'ng-so'), Korea, North; DOB 1940; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vice Chairman of the National Defense Commission (individual) [DPRK2] (Linked To: NATIONAL DEFENSE COMMISSION).

32. HWANG, Su Man (a.k.a. HWANG, Kyong Nam); DOB 06 Apr 1955; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472220033 (Korea, North) (individual) [DPRK2] (Linked To: KOREA MINING DEVELOPMENT TRADING CORPORATION).

33. HYON, Gwang Il (a.k.a. HYON, Kwang Il), Korea, North; DOB 27 May 1961; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Department Director at the National Aerospace Development Administration (individual) [NPWMD] (Linked To: NATIONAL AEROSPACE DEVELOPMENT

ADMINISTRATION).

34. JANG, Bom Su (a.k.a. JANG, Hyon U; a.k.a. JANG, Pom Su), Syria; DOB 15 Apr 1957; alt. DOB 22 Feb 1958; citizen Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Diplomatic Passport 836110034 expires 01 Jan 2020; Tanchon Commercial Bank Representative in Syria (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

35. JANG, Song Chol; DOB 12 Mar 1967; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; KOMID representative in Russia (individual) [DPRK2].

36. JANG, Sung Nam, Dalian, China; DOB 14 Jul 1970; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563120368 (Korea, North) issued 22 Mar 2013 expires 22 Mar 2018; Chief of the Tangun Trading Corporation branch in Dalian, China (individual) [NPWMD] (Linked To: KOREA TANGUN TRADING CORPORATION).

37. JANG, Yong Son; DOB 20 Feb 1957; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; KOMID Representative in Iran (individual) [DPRK2].

38. JI, Sang Jun (a.k.a. CHI, Sang-chun), Moscow, Russia; DOB 03 May 1971; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK4].

39. JO, Yong Chol (a.k.a. CHO, Yong Chol), Syria; DOB 30 Sep 1973; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; North Korea's Ministry of State Security Official (individual) [DPRK2].

40. JO, Yong-Won (a.k.a. CHO, Yongwon), Korea, North; DOB 24 Oct 1957; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vice Director

of the Organization and Guidance Department (individual) [DPRK2].

41. JO, Chol Song (a.k.a. CHO, Ch'o'l-so'ng), Dandong, China; DOB 25 Sep 1984; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654320502 expires 16 Sep 2019; Korea Kwangson Banking Corporation Deputy Representative (individual) [NPWMD] (Linked To: KOREA KWANGSON BANKING CORP).

42. JO, Kyong-Chol (a.k.a. CHO, Kyo'ng-ch'o'l), Korea, North; DOB 1944 to 1945; POB Korea, North; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; DPRK Director of Military Security Command (individual) [DPRK2].

43. JON, Myong Guk (a.k.a. CHO'N, Myo'ng-kuk; a.k.a. JON, Yong Sang), Syria; DOB 18 Oct 1976; alt. DOB 25 Aug 1976; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 4721202031 (Korea, North) expires 21 Feb 2017; Diplomatic Passport 836110035 expires 01 Jan 2020; Tanchon Commercial Bank Representative in Syria (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

44. JONG, Kyong Thae (a.k.a. CHO'NG, Kyo'ng-t'aek), Pyongyang, Korea, North; DOB 01 Jan 1961 to 31 Dec 1963; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Minister of State Security (individual) [DPRK2].

45. JONG, Man Bok (a.k.a. CHO'NG, Man-pok), Dandong, China; DOB 23 Dec 1958; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea Ryonbong General Corporation Representative in Dandong, China (individual) [DPRK2].

46. JONG, Song Hwa (Korean: 정성화); DOB 05 Feb 1970; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 927220230 (Korea, North) issued 11 May 2017 expires 11 May 2022 (individual) [DPRK4].

47. JONG, Yong Su, Korea, North; DOB 15 Dec 1950; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201

and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563310172; Minister of Labor (individual) [DPRK2].

48. KANG, Chol Su, Linjiang, China; DOB 13 Feb 1969; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472234895 (Korea, North); Korea Ryonbong General Corporation Official (individual) [NPWMD] (Linked To: KOREA RYONBONG GENERAL CORPORATION).

49. KANG, Min, Beijing, China; DOB 07 May 1980; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563132918 expires 04 Feb 2018; Korea Daesong Bank representative (individual) [DPRK4].

50. KANG, Mun-kil (a.k.a. JIAN, WenJi), Korea, North; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport PS 472330208 (Korea, North) expires 04 Jul 2017 (individual) [NPWMD] (Linked To: NAMCHONGANG TRADING CORPORATION).

51. KANG, P'il-Hun (a.k.a. KANG, Phil Hun; a.k.a. KANG, Pil Hoon), Korea, North; DOB 11 Jun 1943; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of the General Political Bureau of the Ministry of People's Security (individual) [DPRK2].

52. KANG, Ryong; DOB 21 Aug 1968; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; KOMID official in Syria (individual) [DPRK2].

53. KANG, Song Nam, Korea, North; DOB 28 Jul 1962; POB North P'yo'ngan Province, North Korea; citizen Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654410025 (Korea, North) expires 14 Oct 2019; Bureau Director (individual) [DPRK3] (Linked To: MINISTRY OF STATE SECURITY).

54. KIL, Jong Hun; DOB 20 Feb 1972; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions

Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472410022; KOMID Representative in Namibia (individual) [DPRK2].

55. KIM, Chol (a.k.a. KIM, Ch'o'l), Dalian, China; DOB 27 Sep 1964; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea United Development Bank Representative (individual) [DPRK4].

56. KIM, Chol Nam, Korea, North; DOB 19 Feb 1970; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563120238 (Korea, North); President of Korea Kumsan Trading Corporation (individual) [NPWMD] (Linked To: KOREA KUMSAN TRADING CORPORATION).

57. KIM, Ho Kyu (a.k.a. KIM, Ho Gyu; a.k.a. KIM, Ho'-kyu; a.k.a. KIM, Ho-Kyu; a.k.a. PARK, Aleksei), Nakhodka, Russia; DOB 15 Sep 1970; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea Ryonbong General Corporation Official (individual) [DPRK2].

58. KIM, Hyok Chol (a.k.a. KIM, Hyo'k-ch'o'l), Zhuhai, China; DOB 09 Jul 1978; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472235761 expires 06 Jun 2017; Korea United Development Bank representative (individual) [DPRK4].

59. KIM, Il-Nam (a.k.a. KIM, Il Nam), Korea, North; DOB 09 Apr 1958; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Chief, South Hamgyong Province, Ministry of State Security (individual) [DPRK2].

60. KIM, Jong Man (a.k.a. KIM, Cho'ng-man), Korea, North; Zhuhai, China; DOB 16 Jul 1956; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 918320780; Korea United Development Bank representative (individual) [DPRK4].

61. KIM, Jong Sik (a.k.a. KIM, Cho'ng-sik), Korea, North; DOB 01 Jan 1967 to 31 Dec 1969; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations,

sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Deputy Director of the Workers' Party of Korea Military Industry Department (individual) [DPRK2].

62. KIM, Jong Un, Korea, North; DOB 08 Jan 1984; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Chairman of the Workers' Party of Korea (individual) [DPRK3].

63. KIM, Jung Jong (a.k.a. KIM, Chung Chong), Vietnam; DOB 07 Nov 1966; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 199421147 (Korea, North) expires 29 Dec 2014; alt. Passport 381110042 (Korea, North) expires 25 Jan 2016; alt. Passport 563210184 (Korea, North) expires 18 Jun 2018; Tanchon Commercial Bank Representative in Vietnam (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

64. KIM, Kang Jin (a.k.a. KIM, Kang-chin), Korea, North; DOB 22 Apr 1961; POB Pyongyang, North Korea; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director, External Construction Bureau (individual) [DPRK2].

65. KIM, Ki Nam, Korea, North; DOB 28 Aug 1929; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of the Workers' Party of Korea Propaganda and Agitation Department (individual) [DPRK2].

66. KIM, Kwang Chun; DOB 20 Apr 1967; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea Ryungseng Trading Corporation Representative in Shenyang, China (individual) [DPRK2].

67. KIM, Kwang Hyok, Burma; DOB 20 Apr 1970; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654210025 (Korea, North); Korean Mining Development Trading Corporation Representative in Burma (individual) [DPRK2] (Linked To: KOREA MINING DEVELOPMENT TRADING

CORPORATION).

68. KIM, Kwang Yon; DOB 30 Jul 1966; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563210059 (individual) [DPRK2].

69. KIM, Kyong Hak (a.k.a. KIM, Kyo'ng-hak), Zhuhai, China; DOB 27 Nov 1973; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654231856; Korea Ryonbong General Corporation Representative in Zhuhai, China (individual) [DPRK2].

70. KIM, Kyong Nam (a.k.a. KIM, Kyo'ng-Nam), Russia; DOB 11 Jul 1976; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Foreign Trade Bank of the Democratic People's Republic of Korea Representative in Russia (individual) [NPWMD] (Linked To: FOREIGN TRADE BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA).

71. KIM, Kyong Ok (a.k.a. KIM, Kyong Ok), Korea, North; DOB 01 Jan 1937 to 31 Dec 1938; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; First Vice Director of the Organization and Guidance Department (individual) [DPRK2].

72. KIM, Kyu; DOB 30 Jul 1968; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; KOMID External Affairs Officer (individual) [DPRK2].

73. KIM, Man Chun (a.k.a. KIM, Man-ch'un), No. 567 Xinshi Street, Linjiang City, China; DOB 25 May 1966; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport PS654320308; Korea Ryonbong General Corporation Representative in Linjiang, China (individual) [DPRK2].

74. KIM, Min Chol, Vietnam; DOB 21 Sep 1967; POB North Korea; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Diplomat at

North Korean Embassy (individual) [DPRK2].

75. KIM, Pyong Chan (a.k.a. KIM, Pyo'ng-ch'an), Korea, North; Zhuhai, China; DOB 09 Jun 1961; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Workers' Party of Korea Official (individual) [DPRK2].

76. KIM, Sang-ho, Yanji, China; DOB 16 May 1957; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563337601; Korea Daesong Bank representative (individual) [DPRK4].

77. KIM, Sok Chol, Burma; DOB 08 May 1955; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472310082; North Korean Ambassador to Burma (individual) [DPRK2].

78. KIM, Song (a.k.a. KIM, So'ng), Linjiang, China; DOB 11 Jan 1964; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Representative of the Korea Ryonbong General Corporation in Linjiang, China (individual) [DPRK2].

79. KIM, Song Chol (a.k.a. KIM, Hak Song); DOB 26 Mar 1968; alt. DOB 15 Oct 1970; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654120219 (Korea, North) expires 24 Feb 2019; alt. Passport 381420565 (Korea, North) expires 23 Nov 2016 (individual) [NPWMD] (Linked To: KOREA MINING DEVELOPMENT TRADING CORPORATION).

80. KIM, Su Il, Ho Chi Minh City, Vietnam; DOB 04 Mar 1985; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 108220348 (Korea, North) expires 18 May 2023; alt. Passport 745220480 (Korea, North) expires 02 Jun 2020; Munitions Industry Department Representative in Vietnam (individual) [DPRK2].

81. KIM, Tong-ho, Vietnam; DOB 18 Aug 1969; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial

Institutions: North Korea Sanctions Regulations section 510.214; Passport 745310111 (Korea, North); Tanchon Commercial Bank representative (individual) [DPRK3].

82. KIM, Won Hong (a.k.a. KIM, Wo'n-hong), Korea, North; DOB 17 Jul 1945; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Minister of State Security (individual) [DPRK2].

83. KIM, Yo Jong (a.k.a. KIM, Yo'-cho'ng), Korea, North; DOB 26 Sep 1989; Gender Female; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vice Director of the Workers' Party of Korea Propaganda and Agitation Department (individual) [DPRK2].

84. KIM, Yong Chol; DOB 18 Feb 1962; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; KOMID Representative in Iran (individual) [DPRK2].

85. KIM, Yong Su (a.k.a. KIM, Yo'ng-su), Vietnam; DOB 09 Feb 1969; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654435458 expires 26 Nov 2019; Chief Representative of the Marine Transport Office in Vietnam (individual) [DPRK2].

86. KIM, Chol Sam; DOB 11 Mar 1971; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Treasurer, Daedong Credit Bank (individual) [NPWMD].

87. KIM, Kwang-Il, Beijing, China; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Tanchon Commercial Bank Deputy Representative to Beijing, China (individual) [NPWMD].

88. KIM, Kyong Hyok (a.k.a. KIM, Kyo'ng-hyo'k), Shanghai, China; DOB 05 Nov 1985; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Cheil Credit Bank

representative (individual) [DPRK4].

89. KIM, Kyong Il (a.k.a. KIM, Kyo'ng-il), Libya; DOB 01 Aug 1979; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 836210029; Foreign Trade Bank of the Democratic People's Republic of Korea deputy chief representative in Libya (individual) [DPRK2].

90. KIM, Mun Chol (a.k.a. KIM, Mun-ch'o'l), Dandong, China; DOB 25 Mar 1957; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea United Development Bank representative (individual) [DPRK3] (Linked To: KOREA UNITED DEVELOPMENT BANK).

91. KIM, Nam Ung, Moscow, Russia; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654110043 (Korea, North); Ilsim International Bank representative (individual) [DPRK3] (Linked To: ILSIM INTERNATIONAL BANK).

92. KIM, Se Gon; DOB 13 Nov 1969; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472310104 (Korea, North); Representative of Ministry of Atomic Energy Industry (individual) [NPWMD] (Linked To: MINISTRY OF ATOMIC ENERGY INDUSTRY).

93. KIM, Tong Chol (a.k.a. KIM, Tong-ch'o'l), Shenyang, China; DOB 28 Jan 1966; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Foreign Trade Bank of the Democratic People's Republic of Korea official (individual) [DPRK2].

94. KIM, Tong-Myo'ng (a.k.a. KIM, CHIN-SO'K; a.k.a. KIM, HYOK CHOL; a.k.a. KIM, TONG MYONG; a.k.a. "KIM, JIN SOK"); DOB 1964; alt. DOB 28 Aug 1962; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 290320764 (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

95. KIM, Tong-chol, 34 Herbst Street, Windhoek, Namibia; DOB 07 Aug 1968; POB North Korea; Gender Male; Secondary sanctions risk: North Korea Sanctions

Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472336944 issued 10 Sep 2012 expires 10 Sep 2017; Managing Director, Mansudae Overseas Projects; Director, Mansudae Overseas Projects Architectural and Technical Services (PTY) Ltd.; Deputy Managing Director, Qingdao Construction (Namibia) CC (individual) [DPRK3] (Linked To: MANSUDAE OVERSEAS PROJECT GROUP OF COMPANIES; Linked To: MANSUDAE OVERSEAS PROJECTS ARCHITECTURAL AND TECHNICAL SERVICES (PTY) LIMITED; Linked To: QINGDAO CONSTRUCTION (NAMIBIA) CC).

96. KIM, Yong Chol (a.k.a. KIM, Yong-Chol; a.k.a. KIM, Young-Cheol; a.k.a. KIM, Young-Chol; a.k.a. KIM, Young-Chul); DOB circa 1947; alt. DOB circa 1946; alt. POB Pyongan-Pukto, North Korea; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK].

97. KIRAKOSYAN, Ruben Ruslanovich, Russia; DOB 03 Mar 1980; citizen Russia; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD] (Linked To: GEFEST-M LLC; Linked To: KOREA TANGUN TRADING CORPORATION).

98. KO, Il Hwan (a.k.a. KO, Il-hwan), Shenyang, China; DOB 28 Aug 1967; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 927220424 expires 12 Jun 2022; Korea Daesong Bank Official (individual) [DPRK4].

99. KO, Tae Hun (a.k.a. KIM, Myong Gi); DOB 25 May 1972; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563120630 (Korea, North) expires 20 Mar 2018; Tanchon Commercial Bank Representative (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

100. KO, Ch'o'l-Chae, Dalian, China; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Deputy Representative, KOMID (individual) [NPWMD].

101. KO, Chol Man (a.k.a. KO, Ch'o'l-man), Shenyang, China; DOB 30 Sep 1967; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and

510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472420180; Foreign Trade Bank of the Democratic People's Republic of Korea representative (individual) [DPRK2].

102. KOLCHANOV, Vasili Aleksandrovich (Cyrillic: КОЛЧАНОВ, Василий Александрович) (a.k.a. KOLCHANOV, Vasiliy Aleksandrovich; a.k.a. KOLCHANOV, Vasily); DOB 25 Mar 1946; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Profinet Director General (individual) [DPRK4] (Linked To: PROFINET PTE. LTD.).

103. KU, Sung Sop (a.k.a. KU, Seung Sub; a.k.a. KU, Su'ng-so'p; a.k.a. KU, Young Hyok), Shenyang, China; DOB 07 Nov 1959; POB Pyongan-bukdo, North Korea; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 321233 (Korea, North); Consul General, Shenyang, China (individual) [DPRK2].

104. KU, Ja Hyong (a.k.a. KU, Cha-hyo'ng), Libya; DOB 08 Sep 1957; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Foreign Trade Bank of the Democratic People's Republic of Korea chief representative in Libya (individual) [DPRK2].

105. KWAK, Chong-chol (a.k.a. KWAK, Jong-chol), Dubai, United Arab Emirates; DOB 01 Jan 1975; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563220533 (Korea, North) (individual) [DPRK4].

106. LAI, Leonard (a.k.a. LAI, Yong Chian); DOB 16 Jun 1958; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport E3251534E (Singapore) expires 20 Mar 2018 (individual) [DPRK].

107. LI, Jiadong (Chinese Simplified: 李家东) (a.k.a. "blackjack1987"; a.k.a. "khaleesi"), Anshan, Liaoning, China (Chinese Simplified: 鞍山, 辽宁, China); DOB 10 Jan 1987; nationality China; Gender Male; Digital Currency Address - XBT 1EfMVkxQQuZfBdocpJu6RUscJvenQWbQyE; alt. Digital Currency Address - XBT 17UVSMegvrzfobKC82dHXpZLtLcqzW9stF; alt. Digital Currency Address - XBT

39eboeqYNFe2VoLC3mUGx4dh6GNhLB3D2q; alt. Digital Currency Address - XBT 39fhoB2DohisGBbHvvfmkdPdShT75CNHdX; alt. Digital Currency Address - XBT 3E6rY4dSCDW6y2bzJNwrjvTtdmMQjB6yeh; alt. Digital Currency Address - XBT 3EeR8FbcPbkGj77D6ttneJxmsr3Nu7KGV; alt. Digital Currency Address - XBT 3HQRveQzPifZorZLDXHernc5zjoZax8U9f; alt. Digital Currency Address - XBT 3JXKQ81JzBqVbB8VHdV9Jtd7auWokkdPgY; alt. Digital Currency Address - XBT 3KHfXU24Bt3YD5Ef4J7uNp2buCuhxrfGen; alt. Digital Currency Address - XBT 3LbDu1rUXHNyiz4i8eb3KwkSSBMf7C583D; alt. Digital Currency Address - XBT 3MN8nYo1tt5hLxMwMbxDkXWd7Xu522hb9P; alt. Digital Currency Address - XBT 3N6WeZ6i34taX8Ditser6LKWbCXmt2XXL4; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Phone Number 8613314257947; alt. Phone Number 8618004121000; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number 210302198701102136 (China) (individual) [DPRK3] [CYBER2] (Linked To: LAZARUS GROUP).

108. LI, Hong Ri (Chinese Simplified: 李红日) (a.k.a. LI, Hongri; a.k.a. RI, Hong-il), China; DOB 05 Jul 1964; nationality China; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK3] (Linked To: RI, Song-hyok).

109. LUO, Chuanxu, China; DOB 15 Jan 1986; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; National Foreign ID Number 210621198601152385 (China); Financial Manager, Dandong Hongxiang Industrial Development Co Ltd (individual) [NPWMD] (Linked To: DANDONG HONGXIANG INDUSTRIAL DEVELOPMENT CO LTD).

110. MA, Xiaohong, China; DOB 15 Dec 1971; nationality China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport G31122619 (China) issued 02 Sep 2008 expires 01 Sep 2018; National Foreign ID Number 210603197112150023 (China); Director of Dandong Hongxiang Industrial Development Co Ltd (individual) [NPWMD] (Linked To: DANDONG HONGXIANG INDUSTRIAL DEVELOPMENT CO LTD).

111. MICHURIN, Igor Aleksandrovich, Russia; DOB 27 Jun 1978; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 8908104469 (individual) [NPWMD] (Linked To: KOREA TANGUN TRADING CORPORATION; Linked To: ARDIS-BEARINGS LLC).

112. MIN, Byong Chol (a.k.a. MIN, Byong Chun; a.k.a. MIN, Byong-chol; a.k.a. MIN, Pyo'ng-ch'o'l), Korea, North; DOB 10 Aug 1948; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Member of the Worker's Party of Korea's Organization and Guidance Department (individual) [DPRK2].

113. MUN, Cho'ng-Ch'o'l, C/O Tanchon Commercial Bank, Saemaeul 1-Dong, Pyongchon District, Pyongyang, Korea, North; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Tanchon Commercial Bank Representative (individual) [NPWMD].

114. MUN, Kyong Hwan (a.k.a. MUN, Kyo'ng-hwan), Korea, North; Dandong, China; DOB 22 Aug 1967; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 381120660 expires 25 Mar 2016; Bank of East Land representative (individual) [DPRK4].

115. O, Chong Ok (a.k.a. O, Chong Euk; a.k.a. O, Chong-kuk), Korea, North; DOB 01 Jan 1953 to 31 Dec 1953; POB North Hamgyo'ng Province, North Korea; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of the First Bureau of the Reconnaissance General Bureau (individual) [DPRK2].

116. O, Kuk-Ryol (a.k.a. O, Ku'k-ryo'l), Korea, North; DOB 07 Jan 1930; POB Onso'ng County, North Hambuk Province, Democratic People's Republic of Korea; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vice Chairman of the National Defense Commission (individual) [NPWMD] [DPRK2] (Linked To: NATIONAL DEFENSE COMMISSION).

117. PAE, Won Uk (a.k.a. PAE, Wo'n-uk), Beijing, China; DOB 22 Aug 1969; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472120208 (Korea, North) expires 22 Feb 2017; Korea Daesong Bank representative (individual) [DPRK4].

118. PAEK, Jong Sam (a.k.a. PAEK, Chong-sam), Shenyang, China; DOB 17 Jan 1964; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled

By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK4].

119. PAEK, Chang-Ho (a.k.a. PAEK, Ch'ang-Ho; a.k.a. PAK, Chang-Ho); DOB 18 Jun 1964; POB Kaesong, DPRK; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 381420754 issued 07 Dec 2011 expires 07 Dec 2016 (individual) [NPWMD].

120. PAEK, Se-Bong (a.k.a. PAEK, Se Pong); DOB 21 Mar 1938; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Chairman, Second Economic Committee (individual) [NPWMD].

121. PAK, Bong Nam (a.k.a. LUI, Wai Ming; a.k.a. PAK, Pong Nam; a.k.a. PAK, Pongnam), Shenyang, China; DOB 06 May 1969; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; ILSIM International Bank Representative in Shenyang, China (individual) [DPRK4].

122. PAK, Chun Il, Egypt; DOB 28 Jul 1954; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563410091 (Korea, North); North Korean Ambassador to Egypt (individual) [DPRK2].

123. PAK, Han Se (a.k.a. KANG, Myong Chol), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 290410121 (Korea, North); Vice Chairman of the Second Economic Committee (individual) [NPWMD] (Linked To: SECOND ECONOMIC COMMITTEE).

124. PAK, Il-Kyu (a.k.a. PAK, Il-Gyu), Shenyang, China; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563120235; Korea Ryonbong General Corporation Official (individual) [NPWMD] (Linked To: KOREA PUGANG TRADING CORPORATION).

125. PAK, Kwang Ho (a.k.a. PAK, Kwang-ho); DOB 01 Jan 1946 to 31 Dec 1948; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S.

Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of the Propaganda and Agitation Department (individual) [DPRK2].

126. PAK, Kwang Hun (a.k.a. BAK, Gwang Hun; a.k.a. PAK, Gwang Hun; a.k.a. PAK, Kwang-hun), Vladivostok, Russia; DOB 01 Jan 1970 to 31 Dec 1970; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Representative of Korea Ryonbong General Corporation in Vladivostok, Russia (individual) [DPRK2].

127. PAK, Tong Sok (a.k.a. PAK, Tong-So'k), Abkhazia, Georgia; DOB 15 Apr 1965; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 745120209 (Korea, North) expires 26 Feb 2020; Korea Ryonbong General Corporation Official (individual) [DPRK2].

128. PAK, Yong Sik (a.k.a. PAK, Yo'ng-sik), Korea, North; DOB 1950; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Member of the Workers' Party of Korea Central Military Commission (individual) [DPRK2] (Linked To: WORKERS' PARTY OF KOREA CENTRAL MILITARY COMMISSION).

129. PAK, Chol Nam (a.k.a. PAK, Ch'o'l-nam), Beijing, China; DOB 16 Jun 1971; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 745420413 expires 19 Nov 2020; Cheil Credit Bank representative in Beijing (individual) [DPRK4].

130. PAK, Mun Il (a.k.a. PAK, Mun-il), Yanji, China; DOB 01 Jan 1965; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563335509 expires 27 Aug 2018; Korea Daesong Bank official (individual) [DPRK4].

131. PAK, To-Chun (a.k.a. PAK, Do Chun; a.k.a. PAK, To'-Ch'un); DOB 09 Mar 1944; POB Nangim County, Chagang Province, Democratic People's Republic of Korea; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].

132. PANG, Su Nam (a.k.a. PANG, So-nam; a.k.a. PANG, Sunam), Zhuhai, China; DOB 01 Oct 1964; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 472110138; ILSIM International Bank representative in Zhuhai, China (individual) [DPRK2] [DPRK4].

133. PARK, Jin Hyok (a.k.a. DAVID, Andoson; a.k.a. HENNY, Watson; a.k.a. KIM, Hyon U; a.k.a. KIM, Hyon Woo; a.k.a. KIM, Hyon Wu; a.k.a. PAK, Ch'in-hyo'k; a.k.a. PAK, Jin Hek; a.k.a. PAK, Jin Hyok); DOB 15 Aug 1984; alt. DOB 18 Oct 1984; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 290333974 (Korea, North) (individual) [DPRK3].

134. PISKLIN, Mikhail Yur'evich, Russia; DOB 01 Dec 1980; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 71 0588176 (individual) [DPRK3].

135. RA, Kyong-Su (a.k.a. CHANG, MYONG HO; a.k.a. CHANG, MYONG-HO; a.k.a. CHANG, MYONG-HO), Beijing, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Tanchon Commercial Bank Representative to Beijing, China (individual) [NPWMD] (Linked To: TANCHON COMMERCIAL BANK).

136. RI, Chun Hwan (a.k.a. RI, Ch'un-hwan), Zhuhai, China; DOB 21 Aug 1957; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563233049 expires 09 May 2018; Foreign Trade Bank of the Democratic People's Republic of Korea representative (individual) [DPRK2].

137. RI, Jae Il (a.k.a. RI, Chae-Il), Korea, North; DOB 01 Jan 1934 to 31 Dec 1934; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; First Vice Director of the Workers' Party of Korea Propaganda and Agitation Department (individual) [DPRK2].

138. RI, Jong Won (a.k.a. RI, Cho'ng-Wo'n; a.k.a. RI, Jung Won), Moscow, Russia; DOB 22 Apr 1971; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport

PS654320421 expires 11 Mar 2019 (individual) [DPRK2].

139. RI, Myong Hun (a.k.a. RI, Myo'ng-hun), Korea, North; DOB 14 Mar 1969; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 381420089 expires 11 Oct 2016 (individual) [DPRK2].

140. RI, Pyong Chol (a.k.a. RI, Pyo'ng-ch'o'l), Korea, North; DOB 01 Jan 1948 to 31 Dec 1948; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; First Vice Department Director of the Workers' Party of Korea Central Committee (individual) [DPRK2].

141. RI, Song Chol (a.k.a. RI, So'ng-ch'o'l), Korea, North; DOB 15 Aug 1959; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 290210124 (Korea, North) expires 24 May 2015; Ministry of People's Security Counselor (individual) [DPRK3] (Linked To: MINISTRY OF PEOPLE'S SECURITY).

142. RI, Song Un, Ulaanbaatar, Mongolia; DOB 16 Dec 1955; POB N. Hwanghae, North Korea; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 836110063 (Korea, North) issued 04 Feb 2016 expires 04 Feb 2021; Economic and Commercial Counsellor at DPRK Embassy in Mongolia (individual) [DPRK2].

143. RI, Song-hyok (a.k.a. LI, Cheng He), Beijing, China; DOB 19 Mar 1965; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654234735 (Korea, North) (individual) [DPRK3].

144. RI, Su Yong, Cuba; DOB 25 Jun 1968; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654310175; Korea Ryonbong General Corporation Official (individual) [NPWMD] (Linked To: KOREA RYONBONG GENERAL CORPORATION).

145. RI, Thae Chol (a.k.a. RI, Tae-Chol; a.k.a. RI, T'ae-Ch'o'l); DOB 01 Jan 1947 to 31 Dec 1947; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned

or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; DPRK First Vice Minister of People's Security (individual) [DPRK2] (Linked To: KOREAN PEOPLE'S ARMY).

146. RI, Tok Jin (a.k.a. RI, To'k-chin), Ji'an, China; DOB 26 Jul 1957; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea Ryonbong General Corporation Representative in Ji'an, China (individual) [DPRK2].

147. RI, Won Ho, Egypt; DOB 17 Jul 1964; citizen Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 381310014 (Korea, North) expires 12 Jul 2016; North Korea's Ministry of State Security Official (individual) [DPRK2].

148. RI, Yong Mu (a.k.a. RI, Yong-Mu), Korea, North; DOB 25 Jan 1925; POB South Pyo'ngan Province, Pyo'ngso'ng; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vice Chairman of the National Defense Commission (individual) [DPRK2] (Linked To: NATIONAL DEFENSE COMMISSION).

149. RI, Chong Chol (a.k.a. RI, Jong Chol); DOB 12 Apr 1970; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 199110092 (Korea, North) expires 17 Mar 2014; alt. Passport 472220503 (Korea, North) expires 06 Jun 2018; alt. Passport 654220197 (Korea, North) expires 07 May 2019 (individual) [DPRK2] (Linked To: KOREA MINING DEVELOPMENT TRADING CORPORATION).

150. RI, Chun Song (a.k.a. RI, Ch'un-so'ng), Beijing, China; DOB 30 Oct 1965; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654133553 expires 11 Mar 2019; Foreign Trade Bank of the Democratic People's Republic of Korea representative (individual) [DPRK2].

151. RI, Ho Nam (a.k.a. RI, Ho-nam), Beijing, China; DOB 03 Jan 1967; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 654120210 expires 21 Feb 2019; Ryugyong Commercial Bank representative (individual) [DPRK4].

152. RI, Hong-Sop, c/o General Bureau of Atomic Energy , Haeudong, Pyongchen District, Pyongyang, Korea, North; DOB 1940; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].

153. RI, Je-Son (a.k.a. RI, Che-Son), c/o General Bureau of Atomic Energy, Haeudong, Pyongchen District, Pyongyang, Korea, North; DOB 1938; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].

154. RI, Man Gon, Korea, North; DOB 1945; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK2].

155. RI, U'n-so'ng (a.k.a. RI, Eun Song; a.k.a. RI, Un Song), Moscow, Russia; DOB 23 Jul 1969; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Korea United Development Bank representative (individual) [DPRK4].

156. RYANG, Tae Chol (a.k.a. RYANG, Tae-ch'o'l), Tumen, China; DOB 07 Jan 1969; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Representative of the Korea Ryonbong General Corporation in Tumen, China (individual) [DPRK2].

157. RYOM, Hui-bong (a.k.a. RYO'M, Hu'i-pong), Dubai, United Arab Emirates; DOB 18 Sep 1961; nationality Korea, North; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 745120026 (Korea, North) (individual) [DPRK4].

158. RYU, Jin; DOB 07 Aug 1965; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 563410081; KOMID official in Syria (individual) [DPRK2].

159. SAHIN, Huseyin, Adnan Saygun, Cad Canan SK N1 Mercan St K 4 D 9 ULUS, Istanbul, Turkey; DOB 01 Apr 1957; POB Gumusova, Turkey; nationality Turkey; citizen Turkey; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned

or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport U00618757 (Turkey) issued 12 Aug 2010 expires 11 Aug 2020; National ID No. 31202133364; Chief Executive Officer (individual) [DPRK] (Linked To: SIA FALCON INTERNATIONAL GROUP).

160. SERBIN, Andrey, Russia; DOB 01 Nov 1986; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK3].

161. SIN, Yong Il (a.k.a. SHIN, Yong Il; a.k.a. SIN, Yo'ng Il), Korea, North; DOB 28 Feb 1948; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport PD654210116 (Korea, North); Deputy Director of the Military Security Command (individual) [DPRK2].

162. SON, Jong Hyok (a.k.a. SON, Min), Egypt; DOB 20 May 1980; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD] (Linked To: KOREA MINING DEVELOPMENT TRADING CORPORATION).

163. SON, Mun San; DOB 23 Jan 1951; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; External Affairs Bureau Chief, General Bureau of Atomic Energy (individual) [NPWMD].

164. STEIGER, Jakob, c/o KOHAS AG, Fribourg, FR, Switzerland; DOB 27 Apr 1941; POB Altstatten, SG, Switzerland; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].

165. SU, Lu-Chi (a.k.a. TSAI SU, Lu-Chi), C/O TRANS MERITS CO. LTD., Taipei, Taiwan; C/O GLOBAL INTERFACE COMPANY INC., Taipei, Taiwan; DOB 07 Feb 1950; alt. DOB Nov 1950; POB Yun Lin Hsien, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 210215095 (Taiwan); Corporate Officer (individual) [NPWMD].

166. KIM, Su-Kwang (a.k.a. KIM, Son-gwang; a.k.a. KIM, Son-kwang; a.k.a. KIM, Sou-gwang; a.k.a. KIM, Sou-kwang; a.k.a. KIM, Su-gwang); DOB 18 Aug 1976; Gender

Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK2].

167. SUN, Sidong, Liaoning, China; DOB 11 May 1976; POB Dandong, China; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport G55296890 (China) issued 15 Sep 2011 expires 14 Sep 2021; National ID No. 210623197605112215 (individual) [DPRK4].

168. SUN, Wei (Chinese Simplified: 孙伟), 224-4 Shifu Da Lu, RM 1305, Heping District, Sheyang City, Liaoning Province, China; 200-69 Yinhe East Road, Tianfu County, Benxi Manchurian Autonomous Region, Liaoning Province, China; DOB 01 Jul 1982; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; National ID No. 210521198207010412 (China) expires 13 Aug 2029 (individual) [NPWMD] (Linked To: FOREIGN TRADE BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA).

169. TAN, Wee Beng, 51 Siang Kuang Avenue, Singapore; DOB 14 Feb 1977; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director of Wee Tiong (S) Pte Ltd; Managing Director of WT Marine Pte Ltd (individual) [DPRK].

170. TIAN, Yinyin (Chinese Simplified: 田寅寅) (a.k.a. "snowsjohn"; a.k.a. "tianyinyin0404"), Nanjing, Jiangsu, China (Chinese Simplified: 南京, 江苏, China); DOB 12 Jul 1986; nationality China; Email Address 417136259@qq.com; Gender Male; Digital Currency Address - XBT 134r8iHv69xdT6p5qVKTsHrcUEuBVZAYak; alt. Digital Currency Address - XBT 15YK647qtoZQDzNrvY6HJL6QwXduLHfT28; alt. Digital Currency Address - XBT 1PfwHNxUnkpfkK9MKjMqzR3Xq3KCtq9u17; alt. Digital Currency Address - XBT 14kqryJUxM3a7aEi117KX9hoLUw592WsMR; alt. Digital Currency Address - XBT 1F2Gdug9ib9NQMhKMGGJczzMk5SuENoqrp; alt. Digital Currency Address - XBT 3F2sZ4jbhvDKQdGbHYPC6ZxFXEau2m5Lqj; alt. Digital Currency Address - XBT 1AXUTu9y3H8w4wYx4BjyFWgRhZKDhmcMrn; alt. Digital Currency Address - XBT 1Hn9ErTCPRP6j5UDBeuXPGuq5RtRjFJxJQ; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Phone Number 8613621583465; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number 321284198607120616 (China) (individual) [DPRK3] [CYBER2] (Linked To: LAZARUS GROUP).

171. TSAI, Hsein Tai (a.k.a. TSAI, ALEX H.T.), C/O TRANS MERITS CO. LTD, Taipei, Taiwan; C/O GLOBAL INTERFACE COMPANY INC., Taipei, Taiwan; DOB 08 Aug 1945; POB Tainan, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 131134049 (Taiwan); General Manager - GLOBAL INTERFACE COMPANY INC. (individual) [NPWMD].
172. TSANG, Yung Yuan (Chinese Traditional: 張永源) (a.k.a. TSANG, Neil; a.k.a. TSANG, Niel; a.k.a. TSANG, Yun Yuan), 8th Floor, Number 466, Sec. 2, Neihs Road, Taipei, Taiwan; DOB 20 Oct 1957; Gender Male; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport 302001581 (Taiwan) (individual) [DPRK3].
173. YO'N, Cho'ng-Nam, Dalian, China; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Chief Representative, KOMID (individual) [NPWMD].
174. YU, Chol U, Korea, North; DOB 08 Aug 1959; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Director, National Aerospace Development Administration (individual) [DPRK2] (Linked To: NATIONAL AEROSPACE DEVELOPMENT ADMINISTRATION).
175. YU, Kwang Ho; DOB 18 Oct 1956; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [DPRK2].
176. YUN, Ho-Jin (a.k.a. YUN, Ho-Chin), c/o Namchongang Trading Corporation, Pyongyang, Korea, North; DOB 13 Oct 1944; nationality Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (individual) [NPWMD].
177. ZHOU, Jianshu (a.k.a. CHOW, Tony), China; DOB 15 Jul 1971; nationality China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Passport E09598913 (China) issued 14 Apr 2014 expires 13 Apr 2024; National Foreign ID Number 210602197107153012 (China); General Manager, Dandong Hongxiang Industrial

Development Co Ltd (individual) [NPWMD] (Linked To: DANDONG HONGXIANG INDUSTRIAL DEVELOPMENT CO LTD).

Entities:

1. 7-28 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8898831 (vessel) [DPRK4] (Linked To: YUSONG SHIPPING CO).
2. ACADEMY OF NATIONAL DEFENSE SCIENCE, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].
3. AGRICULTURAL DEVELOPMENT BANK, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].
4. AIR KORYO (a.k.a. AIRKORYO), Sunan District, Pyongyang, Korea, North; Swissotel, Hongkong-Macau Center, Dong Si Shi Tiao Li Jiao Qiao, Beijing 10027, China; Chilbosan Hotel, No 81, Shyiwei Road, Heping District, Shenyang, China; Room 412, XinHui Bldg, No 1197 Rd Husong, District SongJiang, Shanghai, China; Soon Vijai Conominun, Room 208, Floor 2, New Petchburi Road, Khwaeng Bangkokapi, Huai Khwang, Bangkok 10310, Thailand; Airport, 45, Portovaya Street, Artyom, Primorski Krai 692760, Russia; Mosfilimovskaya 72, Moscow 101000, Russia; Friedrichstr 106B, Berlin 10117, Germany; 20-114, Level 20, Menara Safuan, No.80, Jalan Ampang, Kuala Lumpur 50450, Malaysia; Office 10, 2nd floor, Mghateer complex 31, Block 40, Al Farwaniyah, Kuwait; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].
5. AM NOK GANG (a.k.a. AP ROK GANG) General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8132835 (vessel) [DPRK].
6. AMROGGANG DEVELOPMENT BANK (a.k.a. AMNOKKANG DEVELOPMENT BANK), Tongan-dong, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

7. AN SAN 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7303803 (vessel) [DPRK4] (Linked To: KOREA ANSAN SHIPPING COMPANY).
8. ANDARIEL, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].
9. ARDIS-BEARINGS LLC, Office 35, Number2, 1/13/6 Pokrovka Street, Moscow 101000, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] (Linked To: KOREA TANGUN TRADING CORPORATION).
10. ASIA BRIDGE 1 8,015DWT; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8916580 (vessel) [DPRK4] (Linked To: HUAXIN SHIPPING HONGKONG LTD).
11. BAEK MA KANG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7944683 (vessel) [DPRK].
12. BANK OF EAST LAND (a.k.a. DONGBANG BANK; a.k.a. TONGBANG BANK; a.k.a. TONGBANG U'NHAENG), PO Box 32, BEL Building, Jonseung-Dong, Moranbong District, Pyongyang, Korea, North; SWIFT/BIC BOELKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK].
13. BEIJING CHENGXING TRADING CO. LTD. (Chinese Simplified: 北京成兴贸易有限公司), Room 2206 Floor 19, 602 Wangjing Yuan, Zhaoyang District, Beijing, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].
14. BEIJING SUKBAKSO, Qixingmen Store, No. 8 Apartment, Fangcaodi West Road, Chaoyang District, Beijing 100020, China (Chinese Simplified: 8号楼底商七星门葩, 芳草地南街, 朝阳区, 北京市 100020, China); Liangzi Zu Way (Ground Level, White

Gate), No. 42, Gangshan Road, Shunyi District, Beijing 101300, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] [DPRK-NKSPEA].

15. BELLA Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8808264 (vessel) [DPRK4] (Linked To: GUDZON SHIPPING CO LLC).

16. BLUENOROFF (a.k.a. "APT 38"; a.k.a. "APT38"; a.k.a. "STARDUST CHOLLIMA"), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

17. BOGATYR Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9085730 (vessel) [DPRK4] (Linked To: GUDZON SHIPPING CO LLC).

18. CENTRAL BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA, 58-1 Mansu-dong, Sungri Street, Central District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

19. CHANG AN SHIPPING & TECHNOLOGY (Chinese Traditional: 長安海運技術有限公司) (a.k.a. CHANG AN SHIPPING AND TECHNOLOGY), Room 2105, DL1849, Trend Centre, 29-31 Cheung Lee Street, Chai Wan, Hong Kong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5938411 [DPRK4].

20. CHEIL CREDIT BANK (a.k.a. FIRST CREDIT BANK; f.k.a. "KYONGYONG CREDIT BANK"), 3-18 Pyongyang Information Center, Potonggang District, Pyongyang, Korea, North; Beijing, China; Shenyang, China; Shanghai, China; SWIFT/BIC KYCBKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

21. CH'OLHYO'N OVERSEAS CONSTRUCTION COMPANY, Kuwait; Algeria; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].
22. CHON MA SAN Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8660313 (vessel) [DPRK4] (Linked To: KOREA ACHIM SHIPPING CO).
23. CHON MYONG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8712362 (vessel) [DPRK4] (Linked To: CHONMYONG SHIPPING CO).
24. CHONG BONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8909575 (vessel) [DPRK3] (Linked To: CHONGBONG SHIPPING CO LTD).
25. CHONG CHON GANG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7937317 (vessel) [DPRK].
26. CHONG RIM 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8916293 (vessel) [DPRK3] (Linked To: OCEAN BUNKERING JV CO).
27. CHONGBONG SHIPPING CO LTD, Room 502, 90, Ponghak-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 5878589 [DPRK3].
28. CHONGCHONGANG SHIPPING COMPANY LIMITED (a.k.a. CHONG CHON GANG SHIPPING CO. LTD; a.k.a. CHONGCHONGANG SHIPPING CO LTD), 817, Haeun, Donghung-dong, Central District, Pyongyang, Korea, North; 817, Haeun, Tonghun-dong, Chung-gu, Pyongyang, Korea, North; Secondary sanctions risk: North

Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 5342883 [DPRK].

29. CHONMYONG SHIPPING CO (a.k.a. CHON MYONG SHIPPING COMPANY LIMITED), Kalrimgil 2-dong, Mangyongdae-guyok, Pyongyang, Korea, North; Saemaul 2-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5571322 [DPRK4].

30. CK INTERNATIONAL LTD, c/o Korea Uljibong Shipping Co., Jongbaek 1-dong, Rakrang-guyok, Pyongyang, Korea, North; Room 9, Unit A, 3rd Floor, Cheong Sun Tower, 116-118, Wing Lok Street, Sheung Wan, Hong Kong; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5980332 [DPRK4].

31. COMMERCIAL BANK AGROSOYUZ (Cyrillic: КОММЕРЧЕСКИЙ БАНК АГРОСОЮЗ) (a.k.a. AGROSOYUZ (Cyrillic: АГРОСОЮЗ); a.k.a. AGROSOYUZ LLC (Cyrillic: АГРОСОЮЗ ООО); a.k.a. LLC COMMERCIAL BANK AGROSOYUZ (Cyrillic: ООО КОММЕРЧЕСКИЙ БАНК АГРОСОЮЗ; Cyrillic: ООО КБ АГРОСОЮЗ)), Ulanskiy pereulok, number 13 building 1, Moscow 101000, Russia; SWIFT/BIC AGSZRU31; alt. SWIFT/BIC AGSZRU33; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

32. DAEDONG CREDIT BANK (a.k.a. DAE-DONG CREDIT BANK; a.k.a. TAEDONG CREDIT BANK; a.k.a. "DCB"), Suite 401, Potonggang Hotel, Ansan-Dong, Pyongchon District, Pyongyang, Korea, North; Ansan-dong, Botonggang Hotel, Pongchon, Pyongyang, Korea, North; SWIFT/BIC DCBKKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

33. DAEWON INDUSTRIES (a.k.a. DAEWON INDUSTRY COMPANY; a.k.a. TAEWO'N INDUSTRIES), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

34. DAI HONG DAN General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial

Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7944695 (vessel) [DPRK].

35. DALIAN GLOBAL UNITY SHIPPING CO., LTD. (Chinese Simplified: 大连宁联船务有限公司) (a.k.a. DALIAN GLOBAL UNITY SHIPPING AGENCY), Dalian, China; Pyongyang, Korea, North; Chongjin, Korea, North; Najin, Korea, North; Hungnam, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

36. DALIAN HAIBO INTERNATIONAL FREIGHT CO. LTD., 1103 A, Fortune Plaza No. 20, Harbour Street, Zhongshan District, Dalian, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

37. DALIAN SUN MOON STAR INTERNATIONAL LOGISTICS TRADING CO., LTD (Chinese Simplified: 大连天宝国际物流有限公司) (a.k.a. DALIAN TIANBAO INTERNATIONAL LOGISTICS CO., LTD.), Room 1801, Chenggong Building, No. 72 Luxun Road, Zhongshan District, Dalian, Liaoning 116000, China; 49 Zhonghsan Road, Shahekou District, Dalian 116021, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

38. DANDONG DONGYUAN INDUSTRIAL CO., LTD. (a.k.a. DANDONG DONGYUAN INDUSTRIAL CO.; a.k.a. DANDONG DONGYUAN INDUSTRY CO., LTD.), No. 34-7, Zhenba Street, Zhenxing District, Dandong 118001, China; Rm 3002 No 99 3 1 Binjiang Middle Rd, Zhenxing District, Dandong, China; D-U-N-S Number 542957624; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

39. DANDONG HONGDA TRADE CO. LTD., China; Room 301, No. 1 Building, Business & Tourist Section, Dandong, Liaoning, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

40. DANDONG HONGXIANG INDUSTRIAL DEVELOPMENT CO LTD, Dandong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

41. DANDONG JINXIANG TRADE CO., LTD. (a.k.a. CHINA DANDONG KUMSANG TRADE COMPANY, LIMITED; a.k.a. DANDONG METAL COMPANY; a.k.a. JINXIANG TRADING COMPANY), Room 303, Unit 2, Building Number 3, Number 99 Binjiang Lu (Road), Zhenxing District, Dandong, China; Room 303-01, Number 99-3, Binjiang Zhong Lu (Road), Dandong, China; Number 5, Tenth Street, Zhenxing District, Dandong, Liaoning, China; 245-11, Number 1 Wanlian Road, Shenhe District, Shenyang, China; Room 1101, No B, Jiadi Building, Business and Tourist, China; Room 303, Unit 2, 3 Haolou, Building 99 Binjiang Middle Rd., Zhenxing, Dandong, Liaoning 118000, China; Nationality of Registration China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

42. DANDONG KEHUA ECONOMY & TRADE CO., LTD. (a.k.a. DANDONG KEHUA ECONOMIC AND TRADE CO. LTD.), China; Room 102, 1/F, Antai Garden, Zhenxing District, Dandong, Liaoning 118000, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

43. DANDONG RICH EARTH TRADING CO., LTD., Jiadi Square, Number 64, Binjiang Middle Road, Room 1001, Building B, Dandong City, Liaoning, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] (Linked To: KOREA KUMSAN TRADING CORPORATION).

44. DANDONG TIANFU TRADE CO., LTD. (Chinese Simplified: 丹东天富贸易有限公司), No. 5, Shiwei Road, Zhenxing District, Dandong City, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

45. DANDONG XIANGHE TRADING CO., LTD. (a.k.a. DANDONG XIANGHE TRADING CORPORATION; a.k.a. DANDONG XIANGHE TRADING LTD. CO; a.k.a. XIANGHE TRADE CO., LTD.), China; No. 603, 2F, Jiadi Square, Developing Zone, Dandong, Liaoning, China; Beida Rd., Pingxiang City, Chongzuo, Guangxi 532600, China; Room 703, No. 7 Building, Fangba, Yanjiang Development Zone, Dandong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

46. DANDONG ZHICHENG METALLIC MATERIAL CO., LTD. (Chinese Simplified: 丹东至诚金属材料有限公司) (a.k.a. DANDONG CHENGTAI; a.k.a. DANDONG CHISONG METAL MATERIALS COMPANY; a.k.a. DANDONG ZHICHENG METAL MATERIALS CO., LTD; a.k.a. DANDONG ZHICHENG METALLIC

MINERAL CO., LIMITED), Dandong, Liaoning, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

47. DANDONG ZHONGSHENG INDUSTRY & TRADE CO., LTD. (Chinese Simplified: 丹东中盛工贸有限公司) (a.k.a. DANDONG ZHONGSENG INDUSTRY & TRADE; a.k.a. DANDONG ZHONGSENG INDUSTRY AND TRADE; a.k.a. DANDONG ZHONGSHENG INDUSTRY AND TRADE CO., LTD.; a.k.a. DANDONG ZHONGSHONG INDUSTRY & TRADE; a.k.a. DANDONG ZHONGSHONG INDUSTRY & TRADE CORPORATION LTD.; a.k.a. DANDONG ZHONGSHONG INDUSTRY AND TRADE; a.k.a. DANDONG ZHONGSHONG INDUSTRY AND TRADE CORPORATION LTD.), Building 34, Chengjian Zone, Shiwei Road, Zhenxing District, Dandong, Liaoning, China; Zhenxing District, Building 34, Dandong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Business Registration Number 312106037714354404 (China) [NPWMD] (Linked To: FOREIGN TRADE BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA).

48. DAWN MARINE MANAGEMENT CO LTD, Changgyong 2-dong, Sosong-guyok, Pyongyang, Korea, North; Nationality of Registration Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number 5926921 [DPRK4].

49. DAWNLIGHT General Cargo Mongolia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9110236 (vessel) [DPRK].

50. DCB FINANCE LIMITED, Akara Building, 24 de Castro Street, Wickhams Cay I, Road Town, Tortola, Virgin Islands, British; Dalian, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

51. DOK CHON General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7411260 (vessel) [DPRK].

52. DONG FENG 6 5,515DWT Tanzania flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions

Regulations section 510.214; Vessel Registration Identification IMO 9008201 (vessel) [DPRK4] (Linked To: SHANGHAI DONGFENG SHPG CO LTD).

53. EKO DEVELOPMENT AND INVESTMENT COMPANY (a.k.a. EKO DEVELOPMENT & INVESTMENT FOOD COMPANY; a.k.a. EKO IMPORT AND EXPORT COMPANY), 35 St. Abd al-Aziz al-Sud, al-Manial, Cairo, Egypt; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK2].

54. EVER BRIGHT 88 Sierra Leone flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8914934 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

55. EVER GLORY Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8909915 (vessel) [DPRK4] (Linked To: KOREA MARINE & INDUSTRIAL TRDG).

56. EXTERNAL CONSTRUCTION BUREAU (a.k.a. EXTERNAL CONSTRUCTION GENERAL COMPANY; a.k.a. EXTERNAL CONSTRUCTION GUIDANCE BUREAU), Korea, North; Kuwait; Qatar; United Arab Emirates; Oman; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

57. FIRST OIL JV CO LTD, Jongbaek 1-dong, Rakrang-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5963351 [DPRK4].

58. FOREIGN TRADE BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (a.k.a. KOREA TRADE BANK; a.k.a. MOOYOKBANK; a.k.a. NORTH KOREA'S FOREIGN TRADE BANK), FTB Building, Jungsong-dong, Central District, Pyongyang, Korea, North; SWIFT/BIC FTBDKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] [DPRK3].

59. GEFEST-M LLC, Office 401, Structure 1, Building 1, Chermianskaya Street, Moscow 127081, Russia; Office Space 5, Room 18, Building 5/7 Rozhdestvenka Street, Moscow 107031, Russia; Secondary sanctions risk: North Korea Sanctions Regulations,

sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] (Linked To: KOREA TANGUN TRADING CORPORATION).

60. GENERAL BUREAU OF ATOMIC ENERGY (a.k.a. GBAE; a.k.a. GENERAL DEPARTMENT OF ATOMIC ENERGY), Haeudong, Pyongchen District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

61. GLOBAL INTERFACE COMPANY INC. (f.k.a. TRANS SCIENTIFIC CORP.), 9F-1, No. 22, Hsin Yi Rd., Sec. 2, Taipei, Taiwan; 1st Floor, No. 49, Lane 280, Kuang Fu S. Road, Taipei, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Business Registration Document # 12873346 (Taiwan) [NPWMD].

62. GOLD STAR 3 Cambodia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8405402 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

63. GOO RYONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8201870 (vessel) [DPRK4] (Linked To: GOORYONG SHIPPING CO LTD).

64. GOORYONG SHIPPING CO LTD (f.k.a. GOORYONG SHIPPING BANGKOK), Changgyong 2-dong, Sosong-guyok, Pyongyang, Korea, North; Warranton Ville 458 Soi 5 Pattanakan Soi 44 Suanluang, Bangkok 10250, Thailand; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5055293 [DPRK4].

65. GRAND KARO Cambodia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8511823 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

66. GREEN PINE ASSOCIATED CORPORATION (a.k.a. CHO'NGSONG UNITED TRADING COMPANY; a.k.a. CHONGSONG YONHAP; a.k.a. CH'O'NGSONG YO'NHAP; a.k.a. CHOSUN CHAWO'N KAEBAL T'UJA HOESA; a.k.a. JINDALLAE; a.k.a. KU'MHAERYONG COMPANY LTD; a.k.a. NATURAL RESOURCES

DEVELOPMENT AND INVESTMENT CORPORATION; a.k.a. SAENGP'IL COMPANY), c/o Reconnaissance General Bureau Headquarters, Hyongjesan-Guyok, Pyongyang, Korea, North; Nungrado, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK].

67. GUDZON SHIPPING CO LLC (a.k.a. LLC GUDZON SHIPPING CO; a.k.a. OOO GUDZON SHIPPING CO; a.k.a. SK GUDZON, OOO), ul Tigorovaya 20A, Vladivostok, Primorskiy kray 690091, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5753988 [DPRK4].

68. HAEJIN SHIP MANAGEMENT COMPANY LIMITED, Tonghung-dong, Chung-guyok, Pyongyang, Korea, North; Tonghung-dong, Central District, Pyongyang, Korea, North; Email Address haejinsm@silibank.net.kp; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 5814866 [DPRK].

69. HANA BANKING CORPORATION LTD (a.k.a. BRILLIANCE BANKING CORPORATION, LTD.; a.k.a. GORGEOUS BANK OF NORTH KOREA; a.k.a. HUALI BANK (Chinese Simplified: 朝鲜华丽银行); a.k.a. HWARYO BANK (Korean: 화려은행)), Haebangsang Hotel, Jungsong-Dong, Sungri Street, Central District, Pyongyang, Korea, North; Dandong, China; SWIFT/BIC BRBKKPP1; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

70. HANA ELECTRONICS JVC (a.k.a. HANA ELECTRONIC JV COMPANY; a.k.a. HANA ELECTRONICS), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

71. HAO FAN 2 11,658DWT; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8747604 (vessel) [DPRK4] (Linked To: SHEN ZHONG INTERNATIONAL SHPG).

72. HAO FAN 6 13,500DWT; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8628597 (vessel) [DPRK4] (Linked To:

SHEN ZHONG INTERNATIONAL SHPG).

73. HAP JANG GANG 6 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9066540 (vessel) [DPRK4] (Linked To: HAPJANGGANG SHIPPING CORP).

74. HAPJANGGANG SHIPPING CORP, Kumsong 3-dong, Mangyongdae-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5787684 [DPRK4].

75. HESONG TRADING CORPORATION, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

76. HOE RYONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9041552 (vessel) [DPRK3] (Linked To: HOERYONG SHIPPING CO LTD).

77. HOERYONG SHIPPING CO LTD, 108, Pongnam-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 5817786 [DPRK3].

78. HONG KONG ELECTRONICS (a.k.a. HONG KONG ELECTRONICS KISH CO), Sanaee St., Kish Island, Iran; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

79. HONGXIANG MARINE HONG KONG LTD (Chinese Traditional: 鴻祥海運(香港)有限公司), Room 1502, 15th Floor, Keen Hung Commercial Building, 80, Queen's Road East, Wan Chai, Hong Kong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5857588 [DPRK4].

80. HUA FU 10,030DWT Panama flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section

510.214; Vessel Registration Identification IMO 9020003 (vessel) [DPRK4] (Linked To: CHANG AN SHIPPING & TECHNOLOGY).

81. HUAXIN SHIPPING HONGKONG LTD (Chinese Traditional: 華信船務(香港)有限公司), Room 2105, Trend Centre, 29-31 Chueng Lee Street, Chai Wan, Hong Kong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5758476 [DPRK4].

82. HWA SONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8217685 (vessel) [DPRK4] (Linked To: HWASONG SHIPPING CO LTD).

83. HWANG GUM SAN 2 General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8405270 (vessel) [DPRK].

84. HWASONG SHIPPING CO LTD, Changgyong dong, Sosong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 543400 [DPRK4].

85. HYOK SIN 2 Bulk Carrier Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8018900 (vessel) [DPRK].

86. ILSIM INTERNATIONAL BANK, Pyongyang, Korea, North; SWIFT/BIC ILSIKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

87. INTERNATIONAL INDUSTRIAL DEVELOPMENT BANK, Jongpyong-Dong, Pyong Chon District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

88. JANG GYONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8203933 (vessel) [DPRK4] (Linked To: DAWN MARINE MANAGEMENT CO LTD).

89. JANG JA SAN CHONG NYON HO Bulk Carrier Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8133530 (vessel) [DPRK].

90. JH 86 Cambodia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8602531 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

91. JI SONG 6 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8898740 (vessel) [DPRK4] (Linked To: PHYONGCHON SHIPPING & MARINE).

92. JI SONG 8 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8503228 (vessel) [DPRK4] (Linked To: PHYONGCHON SHIPPING & MARINE).

93. JIN TAI Sierra Leone flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9163154 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

94. JIN TENG Sierra Leone flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9163166 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

95. JINHOU INTERNATIONAL HOLDINGS CO., LTD. (Chinese Simplified: 金猴集团国际控股有限公司), No. 106, Heping Road, Weihai, Shandong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions:

North Korea Sanctions Regulations section 510.214 [DPRK3].

96. JINMYONG JOINT BANK, Korea, North; Dalian, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

97. JINSONG JOINT BANK, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

98. JON JIN 2 Bulk Carrier Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8018912 (vessel) [DPRK].

99. JUI CHENG SHIPPING COMPANY LIMITED (Chinese Traditional: 瑞誠海運股份有限公司) (a.k.a. JUI CHENG SHIPPING CO LTD; a.k.a. JUI CHENG SHIPPING CO., LIMITED), Care of Jui Zong Ship Management Co Ltd, 5th Floor, 551, Jiuru 1st Road, Sanmin District, Kaohsiung 80764, Taiwan; Room B, 21/F Kaikwong Commercial Building, 332 Lockhart Road, Wan Chai, Hong Kong; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Commercial Registry Number 0925906 (Hong Kong); Company Number IMO 5499198 [DPRK4].

100. JUI PANG SHIPPING CO LTD (Chinese Traditional: 瑞邦海運股份有限公司), 5th Floor, 551, Jiuru 1st Road, Sanmin District, Kaohsiung City 80764, Taiwan; 5F-2 No 551 Jiouru 1st Road, Sanmin District, Kaohsiung, Taiwan; 4FL No. 198 Wencheng 2nd Road, Chengde Village, North District, Tainan, Taiwan; 193 San Kuan Rd, Tainan City 70247, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 1865817; Business Number 16111431 (Taiwan) [DPRK4].

101. JUI ZONG SHIP MANAGEMENT CO LTD (Chinese Traditional: 瑞榮船舶管理有限公司) (a.k.a. JUI ZONG SHIP MANAGEMENT CO; a.k.a. JUI ZONG SHIP MANAGEMENT CO., LTD.), 5FL-2 No. 551 Jiouru 1st Road Sanmin Dist., Kaohsiung 80764, Taiwan; 5th Floor, 551, Jiuru 1st Road, Sanmin District, Kaohsiung City 80764, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5418446; Business Number 13195014 (Taiwan) [DPRK4].

102. JW JEWEL Singapore flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9402964 (vessel) [DPRK] (Linked To: WT MARINE PTE LTD).

103. KANG SONG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 6908096 (vessel) [DPRK4] (Linked To: KOREA KUMBYOL TRADING COMPANY).

104. KANGBONG TRADING CORPORATION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

105. KINGLY WON INTERNATIONAL CO., LTD., Marshall Islands; Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH 96960, Marshall Islands; Taiwan; 8th Floor, Number 466, Section 2, Neihs Road, Taipei, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Commercial Registry Number 90132 (Marshall Islands) [DPRK3] (Linked To: TSANG, Yung Yuan).

106. KOHAS AG, Route des Arsenaux 15, Fribourg, FR 1700, Switzerland; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; C.R. No. CH-217.0.135.719-4 (Switzerland) [NPWMD].

107. KOREA ACHIM SHIPPING CO, Sochang-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5936312 [DPRK4].

108. KOREA ANSAN SHIPPING COMPANY (a.k.a. KOREA ANSAN SHPG CO), Pyongchon 1-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5676084 [DPRK4].

109. KOREA COMPLEX EQUIPMENT IMPORT CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For

Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

110. KOREA COMPUTER CENTER (a.k.a. CHOSON COMPUTER CENTER; a.k.a. CHUNG SUN COMPUTER CENTER; a.k.a. KOREA COMPUTER COMPANY), Pyongyang, Korea, North; Germany; China; Syria; India; United Arab Emirates; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

111. KOREA DAEBONG SHIPPING CO, Ansan 1-dong, Pyongchon-guyok, Pyongyang, Korea, North; Nationality of Registration Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number 5145243 [DPRK4].

112. KOREA DAESONG BANK (a.k.a. CHOSON TAESONG UNHAENG; a.k.a. TAESONG BANK), Segori-dong, Gyongheung St., Potonggang District, Pyongyang, Korea, North; SWIFT/BIC KDBKKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; PHONE 850 2 381 8221; PHONE 850 2 18111 ext. 8221; FAX 850 2 381 4576; TELEX 360230 and 37041 KDP KP; TGMS daesongbank; EMAIL kdb@co.chesin.com [DPRK].

113. KOREA DAESONG GENERAL TRADING CORPORATION (a.k.a. DAESONG TRADING; a.k.a. DAESONG TRADING COMPANY; a.k.a. KOREA DAESONG TRADING COMPANY; a.k.a. KOREA DAESONG TRADING CORPORATION), Pulgan Gori Dong 1, Potonggang District, Pyongyang City, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; PHONE 850 2 18111 8204/8208; PHONE 850 2 381 8208/4188; FAX 850 2 381 4431/4432; EMAIL daesong@co.chesin.com [DPRK].

114. KOREA EXPO JOINT VENTURE (a.k.a. CHOSUN EXPO; a.k.a. CHOSUN EXPO JOINT VENTURE; a.k.a. KOREA EXPO JOINT VENTURE CORPORATION), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

115. KOREA FOREIGN TECHNICAL TRADE CENTER, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions:

North Korea Sanctions Regulations section 510.214 [DPRK3].

116. KOREA GENERAL CORPORATION FOR EXTERNAL CONSTRUCTION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

117. KOREA HAEGUMGANG TRADING CORPORATION (a.k.a. HAEGU'MGANG TRADING COMPANY; a.k.a. KOREA RIMYONGSU TRADING CORPORATION; a.k.a. NAEGU'NGANG TRADING COMPANY), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK2].

118. KOREA HEUNGJIN TRADING COMPANY (a.k.a. HUNJIN TRADING CO.), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

119. KOREA HYOKSIN TRADING CORPORATION (a.k.a. KOREA HYOKSIN EXPORT AND IMPORT CORPORATION), Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

120. KOREA INTERNATIONAL CHEMICAL JOINT VENTURE COMPANY (a.k.a. CHOSON INTERNATIONAL CHEMICALS JOINT OPERATION COMPANY; a.k.a. CHOSUN INTERNATIONAL CHEMICALS JOINT OPERATION COMPANY; a.k.a. INTERNATIONAL CHEMICAL JOINT VENTURE CORPORATION), Hamhung, South Hamgyong Province, Korea, North; Man gyongdae-kuyok, Pyongyang, Korea, North; Mangyungdae-gu, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

121. KOREA KUMBYOL TRADING COMPANY (a.k.a. KUMBYOL TRADING; a.k.a. KUMBYOL TRADING COMPANY OF NORTH KOREAN WORKERS' PARTY), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

122. KOREA KUMSAN TRADING CORPORATION, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and

510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] (Linked To: GENERAL BUREAU OF ATOMIC ENERGY).

123. KOREA KUMUNSAN SHIPPING CO, Pongnam-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5110478 [DPRK4].

124. KOREA KWANGSON BANKING CORP (a.k.a. KKBC), Jungson-dong, Sungri Street, Central District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

125. KOREA KWANGSONG TRADING CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

126. KOREA MARINE & INDUSTRIAL TRDG (a.k.a. KOREA MARINE AND INDUSTRIAL TRDG), Changgyong 2-dong, Sosong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5928635 [DPRK4].

127. KOREA MINING DEVELOPMENT TRADING CORPORATION (a.k.a. CHANGGWANG SINYONG CORPORATION; a.k.a. DPRKN MINING DEVELOPMENT TRADING COOPERATION; a.k.a. EXTERNAL TECHNOLOGY GENERAL CORPORATION; a.k.a. KOREA KUMRYONG TRADING COMPANY; a.k.a. KOREAN MINING AND INDUSTRIAL DEVELOPMENT CORPORATION; a.k.a. NORTH KOREAN MINING DEVELOPMENT TRADING CORPORATION; a.k.a. "KOMID"), Central District, Pyongyang, Korea, North; Beijing, China; Moscow, Russia; Tehran, Iran; Damascus, Syria; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] [DPRK2].

128. KOREA MYONGDOK SHIPPING CO, Chilgol 2-dong, Mangyongdae-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214;

Company Number IMO 5985863 [DPRK4].

129. KOREA NAMGANG TRADING CORPORATION (a.k.a. DPRK NAMGANG TRADING COMPANY), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] [DPRK-NKSPEA].

130. KOREA NATIONAL INSURANCE CORPORATION (a.k.a. KOREA FOREIGN INSURANCE COMPANY; a.k.a. KOREA NATIONAL INSURANCE COMPANY), Central District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

131. KOREA OCEAN SHIPPING AGENCY, Moranbong District, Pyongyang, Korea, North; Namp'o Branch, Namp'o, South P'yo'ngan Province, Korea, North; Hungnam Branch, Hungnam, South Hamgyong Province, Korea, North; Chongjin Branch, Songphiyong District, Chongjin, North Hamgyong Province, Korea, North; Haeju Branch, Haeju, South Hwanghae Province, Korea, North; Songnim Branch, Songnim, North Hwanghae Province, Korea, North; Wonsan Branch, Wonsan, Kangwon Province, Korea, North; Rason Branch, Rason, North Hamgyong Province, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

132. KOREA OIL EXPLORATION CORPORATION (a.k.a. CHOSUN OIL EXPLORATION COMPANY; a.k.a. KOREA OIL EXPLORATION COMPANY; a.k.a. "KOEC"), Ulam Dong, Taedonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

133. KOREA PUGANG TRADING CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

134. KOREA RUNGRADO GENERAL TRADING CORPORATION (a.k.a. RUNGRADO TRADE COMPANY), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

135. KOREA RUNGRADO RYONGAK TRADING CO, Pulgunkori 2-dong, Potonggang-guyok, Pyongyang, Korea, North; Nationality of Registration Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number 5787653 [DPRK4].

136. KOREA RUNGRADO SHIPPING CO, Pulgunkori 1-dong, Potonggang-guyok, Pyongyang, Korea, North; Nationality of Registration Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number 1414592 [DPRK4].

137. KOREA RYONBONG GENERAL CORPORATION (a.k.a. KOREA YONBONG GENERAL CORPORATION; f.k.a. LYONGAKSAN GENERAL TRADING CORPORATION), Pot'onggang District, Pyongyang, Korea, North; Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

138. KOREA RYONGWANG TRADING CORPORATION (a.k.a. KOREA RYENGWANG TRADING CORPORATION), Rakwon-dong, Pothonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

139. KOREA RYONHA MACHINERY JOINT VENTURE CORPORATION (a.k.a. CHOSUN YUNHA MACHINERY JOINT OPERATION COMPANY; a.k.a. KOREA RYENHA MACHINERY J/V CORPORATION; a.k.a. RYONHA MACHINERY JOINT VENTURE CORPORATION), Mangungdae-gu, Pyongyang, Korea, North; Mangyongdae District, Pyongyang, Korea, North; Central District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

140. KOREA SAMILPO SHIPPING CO, Tonghung-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 1701459 [DPRK3].

141. KOREA SAMJONG SHIPPING CO, Tonghung-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S.

Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5954061 [DPRK4].

142. KOREA SAMMA SHPG CO (a.k.a. KOREA SAMMA SHIPPING CO), Rakrang 3-dong, Rakrang-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5145892 [DPRK4].

143. KOREA SOUTH-SOUTH COOPERATION CORPORATION (a.k.a. NAM NAM GENERAL CORPORATION; a.k.a. NAM-NAM (SOUTH-SOUTH) COOPERATIVE GENERAL COMPANY), Central District, Pyongyang, Korea, North; China; Russia; Poland; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

144. KOREA TAESONG TRADING COMPANY, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

145. KOREA TANGUN TRADING CORPORATION (a.k.a. KOREA KURYONGGANG TRADING CORPORATION; a.k.a. RYUNG SENG TRADING CORPORATION; a.k.a. RYUNGSENG TRADING CORPORATION; a.k.a. RYUNGSONG TRADING CORPORATION), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] [DPRK2].

146. KOREA UNGUM CORPORATION (a.k.a. KOREA UNGUM COMPANY), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

147. KOREA UNITED DEVELOPMENT BANK, Pyongyang, Korea, North; SWIFT/BIC KUDBKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

148. KOREA UNPHA SHIPPING & TRADING (a.k.a. KOREA UNPHA SHIPPING AND TRADING), Puksong-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO

6005935 [DPRK4].

149. KOREA YUJONG SHIPPING CO LTD, Puksong 2-dong, Pyongchon-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5434358 [DPRK4].

150. KOREA ZINC INDUSTRIAL GROUP (a.k.a. KOREA ZINC INDUSTRY GENERAL CORPORATION; a.k.a. KOREA ZINC INDUSTRY GROUP; a.k.a. NORTH KOREAN ZINC INDUSTRY GROUP), Korea, North; Dalian, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

151. KOREA ZUZAGBONG MARITIME LTD, Kinmaul-dong, Moranbong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 1991835 [DPRK3].

152. KOREAN BUYON SHIPPING CO. LTD. (a.k.a. KOREA BUYON SHIPPING CO; a.k.a. KOREAN BUYON SHIPPING COMPANY LIMITED), Wonsan, Kangwon-do, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 5057119 [DPRK3].

153. KOREAN COMMITTEE FOR SPACE TECHNOLOGY (a.k.a. COMMITTEE FOR SPACE TECHNOLOGY; a.k.a. DEPARTMENT OF SPACE TECHNOLOGY OF NORTH KOREA; a.k.a. DPRK COMMITTEE FOR SPACE TECHNOLOGY; a.k.a. KCST), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

154. KOREAN PEOPLE'S ARMY, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

155. KOREAN POLISH SHPG CO LTD, Kinmaul-dong, Moranbong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214;

Vessel Registration Identification IMO 1267131 [DPRK3].

156. KOREAN WORKERS PARTY, PROPAGANDA AND AGITATION DEPARTMENT (a.k.a. PROPAGANDA AND AGITATION DEPARTMENT; a.k.a. PROPAGANDA AND AGITATION DEPARTMENT, WORKERS PARTY OF KOREA), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

157. KORYO BANK, Koryo Bank Building, Pulgun Street, Pyongyang, Korea, North; SWIFT/BIC KORBKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; all offices worldwide [DPRK3].

158. KORYO COMMERCIAL BANK LTD., Pyongyang, Korea, North; Beijing, China; Shenyang, China; SWIFT/BIC KCBKKPP1; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

159. KORYO CREDIT DEVELOPMENT BANK (a.k.a. DAESONG CREDIT DEVELOPMENT BANK; a.k.a. KORYO GLOBAL CREDIT BANK; a.k.a. KORYO GLOBAL TRUST BANK), Yanggakdo International Hotel, RYUS, Pyongyang, Korea, North; SWIFT/BIC KGCBKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; all offices worldwide [DPRK3].

160. KOTI Panama flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9417115 (vessel) [DPRK4] (Linked To: KOTI CORP).

161. KOTI CORP, Panama City, Panama; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5982254 [DPRK4].

162. KU BONG RYONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8983404 (vessel) [DPRK4] (Linked To: KOREA KUMBYOL TRADING

COMPANY).

163. KUM GANG 3 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8966535 (vessel) [DPRK4] (Linked To: KOREA UNPHA SHIPPING & TRADING).

164. KUM SONG 3 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8661850 (vessel) [DPRK4] (Linked To: DAWN MARINE MANAGEMENT CO LTD).

165. KUM SONG 5 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8661719 (vessel) [DPRK4] (Linked To: DAWN MARINE MANAGEMENT CO LTD).

166. KUM SONG 7 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8739396 (vessel) [DPRK4] (Linked To: DAWN MARINE MANAGEMENT CO LTD).

167. KUM UN SAN Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8720436 (vessel) [DPRK4] (Linked To: KOREA KUMUNSAN SHIPPING CO).

168. KUM UN SAN 3 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8705539 (vessel) [DPRK4] (Linked To: DAWN MARINE MANAGEMENT CO LTD).

169. KUMGANG BANK, Kumgang Bank Building, Jungsong-don, Pyongyang, Korea, North; SWIFT/BIC KMBKKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; all offices worldwide [DPRK3].

170. LAZARUS GROUP (a.k.a. "APPLEWORM"; a.k.a. "APT-C-26"; a.k.a. "GROUP 77"; a.k.a. "GUARDIANS OF PEACE"; a.k.a. "HIDDEN COBRA"; a.k.a. "OFFICE 91"; a.k.a. "RED DOT"; a.k.a. "TEMP.HERMIT"; a.k.a. "THE NEW ROMANTIC CYBER

ARMY TEAM"; a.k.a. "WHOIS HACKING TEAM"; a.k.a. "ZINC"), Potonggang District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

171. LEADER (HONG KONG) INTERNATIONAL TRADING LIMITED (a.k.a. LEADER INTERNATIONAL TRADING LIMITED), Room 1610 Nan Fung Tower, 173 Des Voeux Road, Hong Kong; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

172. LIAONING DANXING INTERNATIONAL FORWARDING CO. LTD. (Chinese Simplified: 辽宁丹兴国际货运有限公司), Room D1302, Langham Place, East Harbour, No. 11 Zhubao Street, Ganglong Road, Dalian, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration Number 91210200242663544B [DPRK4].

173. LIBERTY SHIPPING CO LTD (Chinese Traditional: 利百船務有限公司), Room D, 3rd Floor, Thomson Commercial Building, 8-10 Thomson Road, Wan Chai, Hong Kong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5513586 [DPRK4].

174. LIMITED LIABILITY COMPANY NON-BANK CREDIT ORGANIZATION RUSSIAN FINANCIAL SOCIETY (Cyrillic: ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ НЕБАНКОВСКАЯ КРЕДИТНАЯ ОРГАНИЗАЦИЯ РУССКОЕ ФИНАНСОВОЕ ОБЩЕСТВО) (a.k.a. LLC NCO RUSSIAN FINANCIAL SOCIETY (Cyrillic: НКО РУССКОЕ ФИНАНСОВОЕ ОБЩЕСТВО ООО)), house 9/26, building 1, Shchipok street, Moscow 115054, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Tax ID No. 7744002860 (Russia); alt. Tax ID No. 770501001 (Russia); Registration Number 1027744004903 (Russia) [NPWMD].

175. MANSUDAE OVERSEAS PROJECT GROUP OF COMPANIES (a.k.a. MANSUDAE ART STUDIO), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

176. MANSUDAE OVERSEAS PROJECTS ARCHITECTURAL AND TECHNICAL SERVICES (PTY) LIMITED, Namibia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned

or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration ID 2001/044 (Namibia) [DPRK3] (Linked To: MANSUDAE OVERSEAS PROJECT GROUP OF COMPANIES).

177. MARITIME ADMINISTRATION OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (a.k.a. MARITIME ADMINISTRATION BUREAU), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

178. MI RIM Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8713471 (vessel) [DPRK3] (Linked To: MIRIM SHIPPING CO LTD).

179. MI RIM 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9361407 (vessel) [DPRK3] (Linked To: MIRIM SHIPPING CO LTD).

180. MILITARY SECURITY COMMAND (a.k.a. KOREAN PEOPLE'S ARMY SECURITY BUREAU; a.k.a. MILITARY SECURITY BUREAU), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

181. MINGZHENG INTERNATIONAL TRADING LIMITED, Flat/RM A30 9/F, Silvercorp International Tower, 707-713 Nathan Road, Kowloon, Mong Kok, Hong Kong; 224-4 Shifa Da Lu, RM 1305, Heping District, Shenyang City, Liaoning Province, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD] (Linked To: FOREIGN TRADE BANK OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA; Linked To: SUN, Wei).

182. MINISTRY OF ATOMIC ENERGY INDUSTRY, Haeun 2-Dong, Pyongchon District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

183. MINISTRY OF CRUDE OIL INDUSTRY (a.k.a. CRUDE OIL INDUSTRY MINISTRY; a.k.a. GENERAL BUREAU OF PETROLEUM INDUSTRY; a.k.a.

MINISTRY OF CRUDE OIL), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

184. MINISTRY OF LABOR, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

185. MINISTRY OF LAND AND MARITIME TRANSPORTATION OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (a.k.a. MINISTRY OF LAND AND MARINE TRANSPORT), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

186. MINISTRY OF PEOPLE'S ARMED FORCES, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

187. MINISTRY OF PEOPLE'S SECURITY (a.k.a. MINISTRY OF PUBLIC SECURITY; a.k.a. "MPS"), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

188. MINISTRY OF PEOPLE'S SECURITY CORRECTIONAL BUREAU (a.k.a. MINISTRY OF PEOPLE'S SECURITY CORRECTIONAL MANAGEMENT BUREAU; a.k.a. MINISTRY OF PEOPLE'S SECURITY PRISON BUREAU), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

189. MINISTRY OF STATE SECURITY (a.k.a. STATE SECURITY DEPARTMENT), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

190. MINISTRY OF STATE SECURITY PRISONS BUREAU (a.k.a. MINISTRY OF STATE SECURITY FARM BUREAU; a.k.a. MINISTRY OF STATE SECURITY FARM GUIDANCE BUREAU; a.k.a. MINISTRY OF STATE SECURITY FARMING BUREAU; a.k.a. STATE SECURITY DEPARTMENT PRISONS BUREAU), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S.

Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

191. MIRIM SHIPPING CO LTD, Tonghung-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 5647684 [DPRK3].

192. MU DU BONG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8328197 (vessel) [DPRK].

193. MUNITIONS INDUSTRY DEPARTMENT (a.k.a. MILITARY SUPPLIES INDUSTRY DEPARTMENT), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

194. MYOHYANG SHIPPING CO, Kumsong 3-dong, Mangyongdae-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5988369 [DPRK4].

195. NAM SAN 8 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8122347 (vessel) [DPRK4] (Linked To: HAPJANGGANG SHIPPING CORP).

196. NAMCHONGANG TRADING CORPORATION (a.k.a. KOREA NAMHUNG TRADING CORPORATION; a.k.a. KOREA TAERYONGGANG TRADING CORPORATION; a.k.a. NAM CHON GANG CORPORATION; a.k.a. NAMCHONGANG TRADING; a.k.a. NAMHUNG; a.k.a. NOMCHONGANG TRADING CO.; a.k.a. "NCG"), Pyongyang, Korea, North; Chilgol, Mangyongdae District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

197. NAMGANG CONSTRUCTION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions

Regulations section 510.214 [DPRK3].

198. NATIONAL AEROSPACE DEVELOPMENT ADMINISTRATION (a.k.a. "NADA"), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

199. NATIONAL DEFENSE COMMISSION, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK2].

200. NEPTUN Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8404991 (vessel) [DPRK4] (Linked To: GUDZON SHIPPING CO LLC).

201. NORTH EAST ASIA BANK, Haebangsan-dong, Central District, Pyongyang, Korea, North; SWIFT/BIC NEABKPPY; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; all offices worldwide [DPRK3].

202. NYMEX STAR Singapore flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9078191 (vessel) [DPRK] (Linked To: WT MARINE PTE LTD).

203. O UN CHONG NYON HO General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8330815 (vessel) [DPRK].

204. OCEAN BUNKERING JV CO, Otan-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 4199470 [DPRK3].

205. OCEAN MARITIME MANAGEMENT COMPANY LIMITED (a.k.a. EAST SEA SHIPPING COMPANY; a.k.a. HAEYANG CREW MANAGEMENT COMPANY; a.k.a. KOREA MIRAE SHIPPING CO. LTD.), Dongheung-dong Changgwang Street,

Chung-ku, PO Box 125, Pyongyang, Korea, North; Donghung Dong, Central District, PO Box 120, Pyongyang, Korea, North; No. 10, 10th Floor, Unit 1, Wu Wu Lu 32-1, Zhong Shan Qu, Dalian City, Liaoning Province, China; 22 Jin Cheng Jie, Zhong Shan Qu, Dalian City, Liaoning Province, China; 43-39 Lugovaya, Vladivostok, Russia; CPO Box 120, Tonghung-dong, Chung-gu, Pyongyang, Korea, North; Bangkok, Thailand; Lima, Peru; Port Said, Egypt; Singapore; Brazil; Hong Kong, China; Shenzhen, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 1790183 [DPRK].

206. OFFICE 39 (a.k.a. BUREAU 39; a.k.a. CENTRAL COMMITTEE BUREAU 39; a.k.a. DIVISION 39; a.k.a. OFFICE #39; a.k.a. OFFICE NO. 39; a.k.a. "THIRD FLOOR"), Second KWP Government Building (Korean - Ch'o'ngsa), Chungso'ng, Urban Town (Korean - Dong), Chung Ward, Pyongyang, Korea, North; Chung-Guyok (Central District), Sosong Street, Kyongrim-Dong, Pyongyang, Korea, North; Changgwang Street, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK].

207. ORGANIZATION AND GUIDANCE DEPARTMENT, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK2].

208. ORIENTAL TREASURE 9,038DWT Comoros flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9115028 (vessel) [DPRK4] (Linked To: HONGXIANG MARINE HONG KONG LTD).

209. ORION STAR; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9333589 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

210. P-532; Aircraft Manufacture Date 1974; Aircraft Model AN24-RV; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

211. P-533; Aircraft Manufacture Date 1974; Aircraft Model AN24-RV; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations,

sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

212. P-537; Aircraft Manufacture Date 1966; Aircraft Model AN24-B; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

213. P-552; Aircraft Manufacture Date 1976; Aircraft Model T154-B; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

214. P-561; Aircraft Manufacture Date 1983; Aircraft Model T154-B; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

215. P-632; Aircraft Manufacture Date 1994; Aircraft Model T204-300; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

216. P-633; Aircraft Manufacture Date 2009; Aircraft Model T204-100; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

217. P-671; Aircraft Manufacture Date 2012; Aircraft Model A148-100; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

218. P-672; Aircraft Manufacture Date 2015; Aircraft Model A148-100; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

219. P-813; Aircraft Manufacture Date 1983; Aircraft Model T134-B; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

220. P-835; Aircraft Manufacture Date 1969; Aircraft Model IL18-D; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

221. P-881; Aircraft Manufacture Date 1986; Aircraft Model IL62-M; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

222. P-885; Aircraft Manufacture Date 1979; Aircraft Model IL62-M; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

223. P-912; Aircraft Manufacture Date 1990; Aircraft Model IL76-TD; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

224. P-913; Aircraft Manufacture Date 1990; Aircraft Model IL76-TD; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

225. P-914; Aircraft Manufacture Date 1990; Aircraft Model IL76-TD; Aircraft Operator Air Koryo; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 (aircraft) [DPRK3].

226. PAEK MA Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9066978

(vessel) [DPRK4] (Linked To: PAEKMA SHIPPING CO; Linked To: FIRST OIL JV CO LTD).

227. PAEKMA SHIPPING CO, Care of First Oil JV Co Ltd, Jongbaek 1-dong, Rakrang-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5999479 [DPRK4].

228. PAEKSOL TRADING CORPORATION (a.k.a. BAEKSOL TRADING; a.k.a. BAEKSUL TRADING; a.k.a. KOREA PAEK SOL TRADING; a.k.a. PAEK SOL TRADING CORPORATION; a.k.a. PAEKSO'L CORPORATION; a.k.a. PAEKSO'L TRADING CORPORATION), Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

229. PARTIZAN Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9113020 (vessel) [DPRK4] (Linked To: GUDZON SHIPPING CO LLC).

230. PATRIOT Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9003550 (vessel) [DPRK4] (Linked To: PRIMORYE MARITIME LOGISTICS CO LTD; Linked To: GUDZON SHIPPING CO LLC).

231. PHO THAE General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7632955 (vessel) [DPRK].

232. PHYONGCHON SHIPPING & MARINE (a.k.a. PHYONGCHON SHIPPING AND MARINE), Otan-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5878561 [DPRK4].

233. PI RUY GANG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial

Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8829593 (vessel) [DPRK].

234. PO CHON Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8848276 (vessel) [DPRK4] (Linked To: POCHON SHIPPING & MANAGEMENT).

235. PO THONG GANG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8829555 (vessel) [DPRK].

236. POCHON SHIPPING & MANAGEMENT (a.k.a. POCHON SHIPPING AND MANAGEMENT), Sonnae-dong, Mangyongdae-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5990271 [DPRK4].

237. PRIMORYE MARITIME LOGISTICS CO LTD (a.k.a. "PML CO LTD"), 01 ul Tigorovaya 20A, Vladivostok, Primorskiy kray 690091, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5993381 [DPRK4].

238. PROFINET PTE. LTD. (Cyrillic: ООО ПРОФИНЕТ) (a.k.a. OBSHCHESTVO S OGRANICHENNOI OTVETSTVENNOSTYU PROFINET; a.k.a. PROFINET AGENCY; a.k.a. PROFINET, ООО), 46, ul. Malinovskogo, Nakhodka, Primorski Kr. 692919, Russia; office 2, 30, Pogranichnaya Street, Nakhodka, Primorskiy Region 692922, Russia; Pogranichnaya str. 30-2, Nakhodka 692922, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

239. PRO-GAIN GROUP CORPORATION, 8th Floor, Number 466, Section 2, Neihs Road, Taipei, Taiwan; Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa; Taiwan; Samoa; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] (Linked To: TSANG, Yung Yuan).

240. PU HUNG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions

Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8703933 (vessel) [DPRK4] (Linked To: KOREA RUNGRADO SHIPPING CO).

241. PYONGJIN SHIP MANAGEMENT COMPANY LIMITED, Ryukkyo 1-dong, Pyongchon-guyok, Pyongyang, Korea, North; 102 Ryuggyo 1-dong, Pyongchon District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 5817790 [DPRK].

242. QINGDAO CONSTRUCTION (NAMIBIA) CC, ERF 338, Platinum Street, Prosperita, Windhoek, Namibia; P.O. Box 26774, Windhoek, Namibia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration ID 2008/0598 (Namibia) [DPRK3] (Linked To: MANSUDAE OVERSEAS PROJECTS ARCHITECTURAL AND TECHNICAL SERVICES (PTY) LIMITED; Linked To: MANSUDAE OVERSEAS PROJECT GROUP OF COMPANIES).

243. RA NAM 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8625545 (vessel) [DPRK3] (Linked To: KOREA SAMILPO SHIPPING CO).

244. RA NAM 3 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9314650 (vessel) [DPRK3] (Linked To: KOREA SAMILPO SHIPPING CO).

245. RAK RANG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7506118 (vessel) [DPRK4] (Linked To: KOREA DAEBONG SHIPPING CO).

246. RAK WON 2 General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8819017 (vessel) [DPRK].

247. RASON INTERNATIONAL COMMERCIAL BANK, Rason, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and

510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; all offices worldwide [DPRK3].

248. RECONNAISSANCE GENERAL BUREAU (a.k.a. CHONGCH'AL CH'ONGGUK; a.k.a. KPA UNIT 586; a.k.a. "RGB"), Hyongjesan-Guyok, Pyongyang, Korea, North; Nungrado, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK] [DPRK2].

249. RUNG RA 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8713457 (vessel) [DPRK4] (Linked To: KOREA RUNGRADO RYONGAK TRADING CO).

250. RUNG RA 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9020534 (vessel) [DPRK4] (Linked To: KOREA RUNGRADO RYONGAK TRADING CO).

251. RUNG RA DO Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8989795 (vessel) [DPRK4] (Linked To: KOREA RUNGRADO SHIPPING CO).

252. RYE SONG GANG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7389704 (vessel) [DPRK4] (Linked To: KOREA KUMBYOL TRADING COMPANY).

253. RYO MYONG Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8987333 (vessel) [DPRK3] (Linked To: KOREAN POLISH SHPG CO LTD).

254. RYONG GANG 2 General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration

Identification IMO 7640378 (vessel) [DPRK].

255. RYONG GUN BONG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification 8606173 (vessel) [DPRK].

256. RYUGYONG COMMERCIAL BANK, Korea, North; Beijing, China; Dandong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK4].

257. SAM JONG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8405311 (vessel) [DPRK4] (Linked To: KOREA SAMJONG SHIPPING CO).

258. SAM JONG 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7408873 (vessel) [DPRK4] (Linked To: KOREA SAMJONG SHIPPING CO).

259. SAM MA 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8106496 (vessel) [DPRK4] (Linked To: KOREA SAMMA SHPG CO).

260. SECOND ACADEMY OF NATURAL SCIENCES (a.k.a. 2ND ACADEMY OF NATURAL SCIENCES; a.k.a. ACADEMY OF NATURAL SCIENCES; a.k.a. CHAYON KWAHAK-WON; a.k.a. CHE 2 CHAYON KWAHAK-WON; a.k.a. KUKPANG KWAHAK-WON; a.k.a. NATIONAL DEFENSE ACADEMY; a.k.a. SANSRI; a.k.a. SECOND ACADEMY OF NATURAL SCIENCES RESEARCH INSTITUTE), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

261. SECOND ECONOMIC COMMITTEE, Kangdong, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

262. SENAT SHIPPING LIMITED (a.k.a. SENAT SHIPPING & TRADING PTE LTD; a.k.a. SENAT SHIPPING AGENCY LTD; a.k.a. SENAT SHIPPING AND TRADING LTD; a.k.a. SENAT SHIPPING AND TRADING PRIVATE LIMITED), 36-02 A, Suntec Tower, 9, Temasek Boulevard, Singapore 038989, Singapore; 9 Temasek Boulevard, 36-02A, Singapore 038989, Singapore; Panama City, Panama; PO Box 957, Offshore Incorporations Centre Road Town, Tortola, Virgin Islands, British; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 5179245; alt. Identification Number IMO 5405737 [DPRK].

263. SEVASTOPOL Russia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9235127 (vessel) [DPRK4] (Linked To: GUDZON SHIPPING CO LLC).

264. SHANG YUAN BAO Panama flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8126070 (vessel) [DPRK4] (Linked To: HUANG, Wang Ken; Linked To: CHEN, Mei Hsiang; Linked To: JUI CHENG SHIPPING COMPANY LIMITED; Linked To: JUI PANG SHIPPING CO LTD; Linked To: JUI ZONG SHIP MANAGEMENT CO LTD).

265. SHANGHAI DONGFENG SHPG CO LTD, Room 601, 433, Chifeng Lu, Hongkou Qu, Shanghai 200083, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5721069 [DPRK4].

266. SHEN ZHONG INTERNATIONAL SHPG (Chinese Traditional: 沈忠國際海運有限公司), Unit 503, 5th Floor, Silvercord Tower 2, 30, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5604962 [DPRK4].

267. SIA FALCON INTERNATIONAL GROUP (f.k.a. ATACAR OTOMOTIV DIS TICARET VE SAVUNMA SANAYI LIMITED SIRKETI; a.k.a. FALCON INTERNATIONAL SIA; f.k.a. MURAT INSAAT DIS TICARET VE SAVUNMA SANAYI LIMITED SIRKETI; a.k.a. SABIEDRIBA AR IEROBEZOTU ATBILDIBU 'FALON INTERNATIONAL'; a.k.a. SIA FALCON INTERNATIONAL TARIM VE HAYVANCILIK LIMITED SIKRETI), Fulya Mah. Buyukdere Cad. Akabe Ticaret Merkezi 78-80A Kat: 1 D: 1 Mecidiyekoy, Sisli, Istanbul, Turkey; Akabe Is Hani, 78-80 A/1, Fulya Mahallesi Buyukdere Caddesi Sisli, Istanbul, Turkey; Varpas Baldones

pagasts Baldones novads LV 2125, Latvia; Istanbul, Turkey; Riga, Latvia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Tax ID No. 6240194059 (Turkey); Registration Number 464933 (Turkey); alt. Registration Number 45403041088 (Latvia) [DPRK].

268. SINGWANG ECONOMICS AND TRADING GENERAL CORPORATION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

269. SINSMS PTE. LTD. (a.k.a. SUN MOON STAR (SINGAPORE) LTD.), 24 Mohamed Sultan Road, Singapore 239012, Singapore; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration Number 201318227N (Singapore) [DPRK4].

270. SO BAEK SAN Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8658267 (vessel) [DPRK4] (Linked To: KOREA KUMBYOL TRADING COMPANY).

271. SONG WON Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8613360 (vessel) [DPRK4] (Linked To: SONGWON SHIPPING & MANAGEMENT).

272. SONGI TRADING COMPANY, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

273. SONGWON SHIPPING & MANAGEMENT (a.k.a. SONGWON SHIPPING AND MANAGEMENT), Somun-dong, Chung-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 5990268 [DPRK4].

274. SOUTH HILL 2 Sierra Leone flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8412467 (vessel) [DPRK] (Linked To:

OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

275. SOUTH HILL 5 Palau flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9138680 (vessel) [DPRK] (Linked To: OCEAN MARITIME MANAGEMENT COMPANY LIMITED).

276. STATE AFFAIRS COMMISSION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

277. STATE PLANNING COMMISSION, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

278. STRATEGIC ROCKET FORCE OF THE KOREAN PEOPLE'S ARMY (a.k.a. STRATEGIC ROCKET FORCE; a.k.a. THE STRATEGIC ROCKET FORCE COMMAND OF KPA; a.k.a. "STRATEGIC FORCE"; a.k.a. "STRATEGIC FORCES"), Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

279. TAE DONG GANG General Cargo Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 7738656 (vessel) [DPRK].

280. TANCHON COMMERCIAL BANK (f.k.a. CHANGGWANG CREDIT BANK; f.k.a. KOREA CHANGGWANG CREDIT BANK), Saemul 1-Dong Pyongchon District, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

281. THAE PYONG SAN Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9009085 (vessel) [DPRK3] (Linked To: THAEPHYONGSAN SHIPPING CO LTD).

282. THAEPHYONGSAN SHIPPING CO LTD, Room 402, 90, Sochon-dong, Sosong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 5878575 [DPRK3].

283. TONG HUNG 1 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8661575 (vessel) [DPRK3] (Linked To: KOREA ZUZAGBONG MARITIME LTD).

284. TONG HUNG 5 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8151415 (vessel) [DPRK4] (Linked To: TONGHUNG SHIPPING & TRADING CO).

285. TONGHUNG SHIPPING & TRADING CO (a.k.a. TONGHUNG SHIPPING AND TRADING CO), Kinmaul-dong, Moranbong-guyok, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Company Number IMO 1991835 [DPRK4].

286. TOSONG TECHNOLOGY TRADING CORPORATION, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

287. TRANS MERITS CO. LTD., 1F, No. 49, Lane 280, Kuang Fu S. Road, Taipei, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Business Registration Document # 16316976 (Taiwan) [NPWMD].

288. TRANS MULTI MECHANICS CO. LTD. (a.k.a. FENG SHENG CO., LTD.), 19, Chin Ho Lane, Chung Cheng Rd., Taya District, Taichung City, Taiwan; No 19, Jinhe Lane, Zhongzheng Road, Daya District, Taichung City, Taiwan; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [NPWMD].

289. TRANSATLANTIC PARTNERS PTE. LTD., 10 Anson Road, #29-05A, International Plaza 079903, Singapore; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned

or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3].

290. UL JI BONG 6 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9114555 (vessel) [DPRK4] (Linked To: CK INTERNATIONAL LTD).

291. UN RYUL Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8514409 (vessel) [DPRK4] (Linked To: KOREA MARINE & INDUSTRIAL TRDG).

292. VELMUR MANAGEMENT PTE LTD, 2 Marina Blvd., No. 66-08, The Sail at Marina Bay 018987, Singapore; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] (Linked To: TRANSATLANTIC PARTNERS PTE. LTD.).

293. VICTORY 2 Mongolia flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8312227 (vessel) [DPRK3] (Linked To: KOREAN BUYON SHIPPING CO. LTD.).

294. VOLASYS SILVER STAR, 41 Ulitsa Klary Tsetskin, Vladivostok, Russia; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] [DPRK4].

295. WEE TIONG (S) PTE LTD (a.k.a. WEE TIONG S PTE LTD), 1813 Geylang Bahru, #01-01 Kallang Distripark 339715, Singapore; 64D Kallang Pudding Road, #02-00, Wee Tiong Building 349323, Singapore; 02-00 Wee Tiong Building, 64D, Kallang Pudding Road 349323, Singapore; 1805 Geylang Bahru #01-03 339711, Singapore; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration Number 199308567K [DPRK].

296. WEIHAI WORLD-SHIPPING FREIGHT, 419-201, Tongyi Lu, Huancui Qu, Weihai, Shandong 264200, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section

510.214; Company Number IMO 5905801 [DPRK4].

297. WON SAN 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9159787 (vessel) [DPRK4] (Linked To: YUSONG SHIPPING CO).

298. WOORY STAR Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8408595 (vessel) [DPRK4] (Linked To: PHYONGCHON SHIPPING & MARINE).

299. WORKERS' PARTY OF KOREA CENTRAL MILITARY COMMISSION, Pyongyang, Korea, North; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK2].

300. WT MARINE PTE LTD, #11-09 Parkway Parade 449269, Singapore; 64D Kallang Pudding Road, #09-00 Wee Tiong Building 349323, Singapore; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Registration Number 201616714Z [DPRK].

301. XIN GUANG HAI 7,067DWT; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9004700 (vessel) [DPRK4] (Linked To: WEIHAI WORLD-SHIPPING FREIGHT).

302. YANBIAN SILVERSTAR NETWORK TECHNOLOGY CO., LTD. (Chinese Simplified: 延边银星网络科技有限公司; Korean: 은성인터넷기술회사) (a.k.a. CHINA SILVER STAR INTERNET TECHNOLOGY COMPANY; a.k.a. SILVER STAR INTERNET TECHNOLOGY CORPORATION; a.k.a. UNSONG INTERNET TECHNOLOGY CORPORATION; a.k.a. YANBIAN SILVER STAR; a.k.a. YANBIAN SILVERSTAR), 20998B-26 Changbaishan East Road, Yanji, Jilin, China; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214 [DPRK3] [DPRK4].

303. YANG GAK DO Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 6401828

(vessel) [DPRK4] (Linked To: KOREA RUNGRADO SHIPPING CO).

304. YONGJIN SHIP MANAGEMENT COMPANY LIMITED, Tonghung-dong, Chung-guyok, Pyongyang, Korea, North; Tonghung-dong, Central District, Korea, North; Email Address yonmgjinsm@silibank.net.kp; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Identification Number IMO 5814883; alt. Identification Number IMO 5814906; alt. Identification Number IMO 5820255 [DPRK].

305. YU JONG 2 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8604917 (vessel) [DPRK4] (Linked To: KOREA YUJONG SHIPPING CO LTD).

306. YU PHYONG 5 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8605026 (vessel) [DPRK4] (Linked To: KOREA MYONGDOK SHIPPING CO).

307. YU SON Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8691702 (vessel) [DPRK4] (Linked To: MYOHYANG SHIPPING CO).

308. YU SONG 12 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9096791 (vessel) [DPRK4] (Linked To: YUSONG SHIPPING CO).

309. YU SONG 7 Democratic People's Republic of Korea flag; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 8400854 (vessel) [DPRK4] (Linked To: YUSONG SHIPPING CO).

310. YUK TUNG; Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210; Transactions Prohibited For Persons Owned or Controlled By U.S. Financial Institutions: North Korea Sanctions Regulations section 510.214; Vessel Registration Identification IMO 9030591 (vessel) [DPRK4] (Linked To: YUK TUNG ENERGY PTE LTD).

The complete 2020 Pricing of Numismatic Gold, Commemorative Gold, Platinum, and Palladium Products Grid will be available online at <https://catalog.usmint.gov/coin-programs/american-eagle-coins>.

Pricing can vary weekly dependent upon the London Bullion Market Association gold, platinum, and palladium prices weekly average. The

pricing for all United States Mint numismatic gold, platinum, and palladium products is evaluated every Wednesday and modified as necessary.

FOR FURTHER INFORMATION CONTACT:

Cathy Olson; Sales and Marketing Directorate; United States Mint; 801 9th Street NW, Washington, DC 20220; or

call 202-354-7500 or colson@usmint.treas.gov.

(Authority: 31 U.S.C. 5111 and 5112, Pub. L. 116-71, Pub. L. 115-343, Pub. L. 116-112, 31 U.S.C. 5112(i)(4)(C))

Eric Anderson,

Executive Secretary, United States Mint.

[FR Doc. 2020-23117 Filed 10-19-20; 8:45 am]

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Part II

Postal Service

Change in Rates and Classes of General Applicability for Competitive Products; Notice

POSTAL SERVICE

Change in Rates and Classes of General Applicability for Competitive Products

AGENCY: Postal Service™.

ACTION: Notice of a change in rates of general applicability for competitive products.

SUMMARY: This notice sets forth changes in rates of general applicability for competitive products.

DATES: This action begins January 24, 2021.

FOR FURTHER INFORMATION CONTACT: Christopher C. Meyerson, 202–268–7820.

SUPPLEMENTARY INFORMATION: On October 9, 2020, pursuant to their authority under 39 U.S.C. 3632, the Governors of the Postal Service established prices and classification changes for competitive products. The Governors' Decision and the record of proceedings in connection with such decision are reprinted below in accordance with section 3632(b)(2).

Ruth Stevenson,
Chief Counsel, Federal Compliance.

Decision of the Governors of the United States Postal Service on Changes in Rates and Classes of General Applicability for Competitive International Products (Governors' Decision No. 20–4)

October 6, 2020

Statement of Explanation and Justification

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we (1) establish new prices of general applicability for the Postal Service's shipping services (competitive products) and such changes in classifications as are necessary to define the new prices; (2) establish changes in country groups in rate tables for Priority Mail Express International (PMEI), Priority Mail International (PMI), International Priority Airmail (IPA), International Surface Air Lift (ISAL), Outbound Single-Piece First-Class Package Service (FCPIS), as provided in sections 2305.6, 2315.6, 2320.6, 2325.6, and 2335.6, respectively, of the Mail Classification Schedule; (3) make changes to the country price lists for international mail that appear in Part D of the Mail Classification Schedule; (4) establish changes in classifications concerning the minimum size limits of small packets when sent as IPA, ISAL, and

FCPIS, as set forth in sections 2320.2, 2325.2, and 2335.2. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with classification changes in legislative format, and new prices displayed in the price charts.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. 3633(a)(3), which, as implemented by 39 CFR 3035.107(c), requires competitive products collectively to contribute a minimum of 8.8 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. 3633(a)(1)). We therefore find that the new prices and classification changes are in accordance with 39 U.S.C. 3632–3633 and 39 CFR 3035.102.

I. International Expedited Services

International expedited services include Global Express Guaranteed (GXG) and Priority Mail Express International (PMEI). Overall, GXG prices will be subject to a 0.9 percent increase, and PMEI will be subject to an overall 3.6 percent increase. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements. Also, three additional country price groups are being added for PMEI. In order to better align the country groupings for PMEI based on volume and geography, the country groupings for PMEI will be realigned.

II. Priority Mail International

The overall increase for Priority Mail International (PMI) will be 5.1 percent. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements. Also, three additional country price groups are being added for PMI. In order to better align the country groupings for PMI based on volume and geography, the country groupings for PMI will be realigned.

III. International Priority Airmail and International Surface Air Lift

Published prices for International Priority Airmail (IPA) letters, flats and

packets will increase by 74.1 percent. Published prices for International Surface Air Lift (ISAL) letters, flats, and packets will increase by 32.6 percent. One additional country price group is being added to both IPA and ISAL. In order to better align the country groupings for IPA and ISAL based on volume and geography, the country groupings for IPA and ISAL will be realigned. Also, the minimum size limits of small packets when sent as IPA or ISAL will be revised to conform to Universal Postal Union (UPU) standards. The minimum dimensions will be changed to 6 inches in length and 4 inches in height.

IV. Airmail M-Bags

The published prices for Airmail M-Bags will increase by 5.0 percent.

V. First-Class Package International Service™

The overall increase for First-Class Package International Service (FCPIS) prices will be 4.8 percent. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting will still be made available to customers through negotiated service agreements. Eleven additional country price groups are being added for FCPIS. In order to better align the country groupings for FCPIS based on volume and geography, the country groupings for FCPIS will be realigned. Also, the minimum size limits of small packets when sent as FCPIS will be revised to conform to Universal Postal Union (UPU) standards. The minimum dimensions will be changed to 6 inches in length and 4 inches in height.

VI. International Ancillary Services and Special Services

Prices for several international ancillary services will be increased, with an overall increase of 3.4 percent.

Order

The changes in prices and classes set forth herein shall be effective at 12:01 a.m. on January 24, 2021. We direct the Secretary to have this decision published in the **Federal Register** in accordance with 39 U.S.C. 3632(b)(2), and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:
/s/

Robert M. Duncan,
Chairman, Board of Governors.

United States Postal Service
Office of the Board of Governors
Certification of Governors' Vote on
Governors' Decision No. 20–4

the Governors voted on adopting
Governors' Decision No. 20–4, and that
a majority of the Governors then holding
office voted in favor of that Decision.

/s/

Katherine Sigler,
Acting Secretary of the Board of Governors.

BILLING CODE 7710–12–P

Consistent with 39 U.S.C. 3632(a), I
hereby certify that, on October 6, 2020,

Date: October 6, 2020.

PART B

COMPETITIVE PRODUCTS

2000 **COMPETITIVE PRODUCT LIST**

* * *

2300 **International Products**

* * *

2305 Outbound International Expedited Services

* * *

2305.4 Price Categories

The following price categories are available for the product specified in this section:

* * *

Priority Mail Express International

* * *

- Retail
 - Price Groups 1-4720
- Commercial Base – For selected destination countries, available for customers who prepare and pay for Priority Mail Express International shipments via Postal Service-approved payment methods that electronically transmit custom-related functions. The discount applies only to the postage portion of Priority Mail Express International prices.
 - Price Groups 1-4720
- Commercial Plus – For selected destination countries, available for customers who use specifically authorized postage payment methods and must tender at least \$100,000.00 per year of any combination of Priority Mail Express International, Global Express Guaranteed, Priority Mail International, or Outbound Single-Piece First-Class Package International Service items. The discount applies only to the postage portion of Priority Mail Express International prices. Mail tendered under an Outbound International Negotiated Service Agreement may be used to satisfy the \$100,000.00 per year commitment.
 - Price Groups 1-4720

* * *

2305.6

Prices

Global Express Guaranteed Retail Prices

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
0.5	67.80	75.50	87.05	142.95	96.45	101.00	75.80	119.20
1	81.10	82.15	98.65	162.80	111.95	114.95	89.70	133.90
2	86.65	89.30	106.05	188.80	119.45	123.85	100.25	154.90
3	94.00	98.35	118.80	207.05	131.75	132.80	114.65	170.85
4	99.65	105.65	126.55	225.20	139.55	141.70	125.55	186.80
5	104.95	113.00	134.25	243.40	147.35	150.65	136.45	202.70
6	110.60	119.90	141.50	261.60	155.30	159.60	143.85	218.15
7	115.90	126.80	148.50	279.60	163.15	168.50	151.05	233.70
8	121.20	133.65	155.45	297.60	171.05	177.45	158.30	249.30
9	126.50	140.55	162.45	315.60	178.95	186.35	165.50	264.90
10	131.85	147.45	169.40	333.60	186.85	195.30	172.75	280.50
11	137.35	151.50	175.20	351.60	192.35	204.70	178.55	293.25
12	142.55	155.75	180.95	369.55	197.85	212.30	184.40	305.25
13	147.75	160.00	186.75	387.55	203.35	220.00	190.20	317.25
14	153.00	164.20	192.50	405.55	208.90	227.60	196.00	329.20
15	158.20	168.40	198.30	423.55	214.40	235.25	201.80	341.20
16	163.45	172.65	204.00	441.55	219.90	242.85	207.60	353.15
17	168.65	176.85	209.80	459.55	225.40	250.55	213.45	365.15
18	173.90	181.05	215.55	477.55	230.90	258.15	219.25	377.15
19	179.05	185.30	221.35	495.50	236.40	265.80	225.10	389.15
20	184.30	189.50	227.10	513.50	241.90	273.40	230.90	401.15
21	189.35	192.80	233.35	528.90	248.15	281.05	236.70	413.85
22	194.55	195.75	239.10	543.25	253.65	288.70	242.55	425.90
23	199.75	198.75	244.90	557.65	259.20	296.30	248.35	437.90
24	205.00	201.65	250.70	572.00	264.65	303.95	254.15	449.90
25	210.25	204.60	256.50	586.45	270.20	311.60	259.95	461.95

Global Express Guaranteed Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
26	215.40	207.50	262.25	600.80	275.70	319.25	265.80	473.90
27	220.65	210.50	268.05	615.20	281.25	326.90	271.60	485.90
28	225.85	213.40	273.85	629.55	286.75	334.55	277.40	497.95
29	231.10	216.35	279.60	644.00	292.30	342.15	283.20	509.95
30	236.25	219.30	285.40	658.35	297.85	349.80	289.05	522.00
31	244.25	222.90	291.40	674.65	303.60	357.45	295.15	536.00
32	248.75	225.85	297.20	689.05	309.15	365.10	300.95	548.05
33	253.35	228.80	303.00	703.55	314.65	372.70	306.75	560.10
34	257.85	231.75	308.80	717.95	320.20	380.35	312.60	572.20
35	262.40	234.70	314.60	732.40	325.75	388.00	318.40	584.25
36	266.90	237.65	320.40	746.80	331.25	395.65	324.20	596.25
37	271.45	240.60	326.15	761.25	336.75	403.30	330.05	608.30
38	275.95	243.55	331.95	775.65	342.30	410.90	335.85	620.40
39	280.50	246.50	337.75	790.10	347.85	418.55	341.70	632.45
40	285.00	249.50	343.55	804.55	353.35	426.20	347.50	644.50
41	290.30	253.15	349.00	818.15	359.25	433.80	355.05	656.55
42	294.15	256.10	354.80	832.55	364.70	441.45	360.90	668.60
43	298.05	259.05	360.55	846.95	370.25	449.10	366.75	680.65
44	301.95	262.05	366.30	861.40	375.80	456.75	372.60	692.70
45	305.80	265.00	372.10	875.85	381.30	464.40	378.45	704.75
46	309.75	267.95	377.90	890.20	386.85	472.00	384.25	716.80
47	313.60	270.95	383.70	904.65	392.40	479.65	390.10	728.85
48	317.50	273.85	389.45	919.05	397.90	487.30	395.95	740.95
49	321.40	276.85	395.25	933.50	403.45	494.95	401.80	752.95
50	325.30	279.80	401.05	947.85	409.00	502.60	407.65	765.05

Global Express Guaranteed Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
51	330.75	282.75	407.20	963.20	414.90	510.25	414.30	777.80
52	334.70	285.70	413.00	977.65	420.45	517.85	420.15	789.90
53	338.55	288.70	418.80	992.10	426.00	525.50	426.00	801.95
54	342.50	291.60	424.60	1,006.50	431.50	533.15	431.90	814.00
55	346.40	294.60	430.35	1,020.90	437.05	540.75	437.75	826.10
56	350.35	297.55	436.15	1,035.35	442.55	548.40	443.60	838.10
57	354.20	300.50	441.95	1,049.80	448.10	556.10	449.50	850.20
58	358.15	303.45	447.70	1,064.20	453.70	563.70	455.30	862.30
59	362.05	306.45	453.50	1,078.65	459.20	571.35	461.15	874.35
60	366.00	309.35	459.30	1,093.05	464.75	579.00	467.00	886.40
61	369.50	312.35	465.55	1,108.55	470.75	587.20	474.25	899.30
62	373.45	315.35	471.30	1,122.95	476.25	594.85	480.10	911.40
63	377.30	318.25	477.10	1,137.40	481.80	602.50	486.00	923.45
64	381.25	321.25	482.90	1,151.85	487.35	610.10	491.85	935.55
65	385.15	324.20	488.70	1,166.35	492.85	617.80	497.75	947.65
66	389.05	327.15	494.45	1,180.75	498.45	625.45	503.65	959.70
67	392.95	330.10	500.30	1,195.20	504.00	633.05	509.50	971.80
68	396.85	333.10	506.10	1,209.65	509.50	640.70	515.40	983.85
69	400.80	336.00	511.85	1,224.05	515.05	648.40	521.25	995.95
70	404.65	339.00	517.65	1,238.50	520.55	656.00	527.15	1,008.05

Global Express Guaranteed Commercial Base Prices

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
0.5	64.41	71.73	82.70	135.80	91.63	95.95	72.01	113.24
1	77.05	78.04	93.72	154.66	106.35	109.20	85.22	127.21
2	82.32	84.84	100.75	179.36	113.48	117.66	95.24	147.16
3	89.30	93.43	112.86	196.70	125.16	126.16	108.92	162.31
4	94.67	100.37	120.22	213.94	132.57	134.62	119.27	177.46
5	99.70	107.35	127.54	231.23	139.98	143.12	129.63	192.57
6	105.07	113.91	134.43	248.52	147.54	151.62	136.66	207.24
7	110.11	120.46	141.08	265.62	154.99	160.08	143.50	222.02
8	115.14	126.97	147.68	282.72	162.50	168.58	150.39	236.84
9	120.18	133.52	154.33	299.82	170.00	177.03	157.23	251.66
10	125.26	140.08	160.93	316.92	177.51	185.54	164.11	266.48
11	130.48	143.93	166.44	334.02	182.73	194.47	169.62	278.59
12	135.42	147.96	171.90	351.07	187.96	201.69	175.18	289.99
13	140.36	152.00	177.41	368.17	193.18	209.00	180.69	301.39
14	145.35	155.99	182.88	385.27	198.46	216.22	186.20	312.74
15	150.29	159.98	188.39	402.37	203.68	223.49	191.71	324.14
16	155.28	164.02	193.80	419.47	208.91	230.71	197.22	335.49
17	160.22	168.01	199.31	436.57	214.13	238.02	202.78	346.89
18	165.21	172.00	204.77	453.67	219.36	245.24	208.29	358.29
19	170.10	176.04	210.28	470.73	224.58	252.51	213.85	369.69
20	175.09	180.03	215.75	487.83	229.81	259.73	219.36	381.09
21	179.88	183.16	221.68	502.46	235.74	267.00	224.87	393.16
22	184.82	185.96	227.15	516.09	240.97	274.27	230.42	404.61
23	189.76	188.81	232.66	529.77	246.24	281.49	235.93	416.01
24	194.75	191.57	238.17	543.40	251.42	288.75	241.44	427.41
25	199.74	194.37	243.68	557.13	256.69	296.02	246.95	438.85

Global Express Guaranteed Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
26	204.63	197.13	249.14	570.76	261.92	303.29	252.51	450.21
27	209.62	199.98	254.65	584.44	267.19	310.56	258.02	461.61
28	214.56	202.73	260.16	598.07	272.41	317.82	263.53	473.05
29	219.55	205.53	265.62	611.80	277.69	325.04	269.04	484.45
30	224.44	208.34	271.13	625.43	282.96	332.31	274.60	495.90
31	232.04	211.76	276.83	640.92	288.42	339.58	280.39	509.20
32	236.31	214.56	282.34	654.60	293.69	346.85	285.90	520.65
33	240.68	217.36	287.85	668.37	298.92	354.07	291.41	532.10
34	244.96	220.16	293.36	682.05	304.19	361.33	296.97	543.59
35	249.28	222.97	298.87	695.78	309.46	368.60	302.48	555.04
36	253.56	225.77	304.38	709.46	314.69	375.87	307.99	566.44
37	257.88	228.57	309.84	723.19	319.91	383.14	313.55	577.89
38	262.15	231.37	315.35	736.87	325.19	390.36	319.06	589.38
39	266.48	234.18	320.86	750.60	330.46	397.62	324.62	600.83
40	270.75	237.03	326.37	764.32	335.68	404.89	330.13	612.28
41	275.79	240.49	331.55	777.24	341.29	412.11	337.30	623.72
42	279.44	243.30	337.06	790.92	346.47	419.38	342.86	635.17
43	283.15	246.10	342.52	804.60	351.74	426.65	348.41	646.62
44	286.85	248.95	347.99	818.33	357.01	433.91	353.97	658.07
45	290.51	251.75	353.50	832.06	362.24	441.18	359.53	669.51
46	294.26	254.55	359.01	845.69	367.51	448.40	365.04	680.96
47	297.92	257.40	364.52	859.42	372.78	455.67	370.60	692.41
48	301.63	260.16	369.98	873.10	378.01	462.94	376.15	703.90
49	305.33	263.01	375.49	886.83	383.28	470.20	381.71	715.30
50	309.04	265.81	381.00	900.46	388.55	477.47	387.27	726.80

Global Express Guaranteed Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
51	314.21	268.61	386.84	915.04	394.16	484.74	393.59	738.91
52	317.97	271.42	392.35	928.77	399.43	491.96	399.14	750.41
53	321.62	274.27	397.86	942.50	404.70	499.23	404.70	761.85
54	325.38	277.02	403.37	956.18	409.93	506.49	410.31	773.30
55	329.08	279.87	408.83	969.86	415.20	513.71	415.86	784.80
56	332.83	282.67	414.34	983.58	420.42	520.98	421.42	796.20
57	336.49	285.48	419.85	997.31	425.70	528.30	427.03	807.69
58	340.24	288.28	425.32	1,010.99	431.02	535.52	432.54	819.19
59	343.95	291.13	430.83	1,024.72	436.24	542.78	438.09	830.63
60	347.70	293.88	436.34	1,038.40	441.51	550.05	443.65	842.08
61	351.03	296.73	442.27	1,053.12	447.21	557.84	450.54	854.34
62	354.78	299.58	447.74	1,066.80	452.44	565.11	456.10	865.83
63	358.44	302.34	453.25	1,080.53	457.71	572.38	461.70	877.28
64	362.19	305.19	458.76	1,094.26	462.98	579.60	467.26	888.77
65	365.89	307.99	464.27	1,108.03	468.21	586.91	472.86	900.27
66	369.60	310.79	469.73	1,121.71	473.53	594.18	478.47	911.72
67	373.30	313.60	475.29	1,135.44	478.80	601.40	484.03	923.21
68	377.01	316.45	480.80	1,149.17	484.03	608.67	489.63	934.66
69	380.76	319.20	486.26	1,162.85	489.30	615.98	495.19	946.15
70	384.42	322.05	491.77	1,176.58	494.52	623.20	500.79	957.65

Global Express Guaranteed Commercial Plus Prices

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
0.5	64.41	71.73	82.70	135.80	91.63	95.95	72.01	113.24
1	77.05	78.04	93.72	154.66	106.35	109.20	85.22	127.21
2	82.32	84.84	100.75	179.36	113.48	117.66	95.24	147.16
3	89.30	93.43	112.86	196.70	125.16	126.16	108.92	162.31
4	94.67	100.37	120.22	213.94	132.57	134.62	119.27	177.46
5	99.70	107.35	127.54	231.23	139.98	143.12	129.63	192.57
6	105.07	113.91	134.43	248.52	147.54	151.62	136.66	207.24
7	110.11	120.46	141.08	265.62	154.99	160.08	143.50	222.02
8	115.14	126.97	147.68	282.72	162.50	168.58	150.39	236.84
9	120.18	133.52	154.33	299.82	170.00	177.03	157.23	251.66
10	125.26	140.08	160.93	316.92	177.51	185.54	164.11	266.48
11	130.48	143.93	166.44	334.02	182.73	194.47	169.62	278.59
12	135.42	147.96	171.90	351.07	187.96	201.69	175.18	289.99
13	140.36	152.00	177.41	368.17	193.18	209.00	180.69	301.39
14	145.35	155.99	182.88	385.27	198.46	216.22	186.20	312.74
15	150.29	159.98	188.39	402.37	203.68	223.49	191.71	324.14
16	155.28	164.02	193.80	419.47	208.91	230.71	197.22	335.49
17	160.22	168.01	199.31	436.57	214.13	238.02	202.78	346.89
18	165.21	172.00	204.77	453.67	219.36	245.24	208.29	358.29
19	170.10	176.04	210.28	470.73	224.58	252.51	213.85	369.69
20	175.09	180.03	215.75	487.83	229.81	259.73	219.36	381.09
21	179.88	183.16	221.68	502.46	235.74	267.00	224.87	393.16
22	184.82	185.96	227.15	516.09	240.97	274.27	230.42	404.61
23	189.76	188.81	232.66	529.77	246.24	281.49	235.93	416.01
24	194.75	191.57	238.17	543.40	251.42	288.75	241.44	427.41
25	199.74	194.37	243.68	557.13	256.69	296.02	246.95	438.85

Global Express Guaranteed Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
26	204.63	197.13	249.14	570.76	261.92	303.29	252.51	450.21
27	209.62	199.98	254.65	584.44	267.19	310.56	258.02	461.61
28	214.56	202.73	260.16	598.07	272.41	317.82	263.53	473.05
29	219.55	205.53	265.62	611.80	277.69	325.04	269.04	484.45
30	224.44	208.34	271.13	625.43	282.96	332.31	274.60	495.90
31	232.04	211.76	276.83	640.92	288.42	339.58	280.39	509.20
32	236.31	214.56	282.34	654.60	293.69	346.85	285.90	520.65
33	240.68	217.36	287.85	668.37	298.92	354.07	291.41	532.10
34	244.96	220.16	293.36	682.05	304.19	361.33	296.97	543.59
35	249.28	222.97	298.87	695.78	309.46	368.60	302.48	555.04
36	253.56	225.77	304.38	709.46	314.69	375.87	307.99	566.44
37	257.88	228.57	309.84	723.19	319.91	383.14	313.55	577.89
38	262.15	231.37	315.35	736.87	325.19	390.36	319.06	589.38
39	266.48	234.18	320.86	750.60	330.46	397.62	324.62	600.83
40	270.75	237.03	326.37	764.32	335.68	404.89	330.13	612.28
41	275.79	240.49	331.55	777.24	341.29	412.11	337.30	623.72
42	279.44	243.30	337.06	790.92	346.47	419.38	342.86	635.17
43	283.15	246.10	342.52	804.60	351.74	426.65	348.41	646.62
44	286.85	248.95	347.99	818.33	357.01	433.91	353.97	658.07
45	290.51	251.75	353.50	832.06	362.24	441.18	359.53	669.51
46	294.26	254.55	359.01	845.69	367.51	448.40	365.04	680.96
47	297.92	257.40	364.52	859.42	372.78	455.67	370.60	692.41
48	301.63	260.16	369.98	873.10	378.01	462.94	376.15	703.90
49	305.33	263.01	375.49	886.83	383.28	470.20	381.71	715.30
50	309.04	265.81	381.00	900.46	388.55	477.47	387.27	726.80

Global Express Guaranteed Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
51	314.21	268.61	386.84	915.04	394.16	484.74	393.59	738.91
52	317.97	271.42	392.35	928.77	399.43	491.96	399.14	750.41
53	321.62	274.27	397.86	942.50	404.70	499.23	404.70	761.85
54	325.38	277.02	403.37	956.18	409.93	506.49	410.31	773.30
55	329.08	279.87	408.83	969.86	415.20	513.71	415.86	784.80
56	332.83	282.67	414.34	983.58	420.42	520.98	421.42	796.20
57	336.49	285.48	419.85	997.31	425.70	528.30	427.03	807.69
58	340.24	288.28	425.32	1,010.99	431.02	535.52	432.54	819.19
59	343.95	291.13	430.83	1,024.72	436.24	542.78	438.09	830.63
60	347.70	293.88	436.34	1,038.40	441.51	550.05	443.65	842.08
61	351.03	296.73	442.27	1,053.12	447.21	557.84	450.54	854.34
62	354.78	299.58	447.74	1,066.80	452.44	565.11	456.10	865.83
63	358.44	302.34	453.25	1,080.53	457.71	572.38	461.70	877.28
64	362.19	305.19	458.76	1,094.26	462.98	579.60	467.26	888.77
65	365.89	307.99	464.27	1,108.03	468.21	586.91	472.86	900.27
66	369.60	310.79	469.73	1,121.71	473.53	594.18	478.47	911.72
67	373.30	313.60	475.29	1,135.44	478.80	601.40	484.03	923.21
68	377.01	316.45	480.80	1,149.17	484.03	608.67	489.63	934.66
69	380.76	319.20	486.26	1,162.85	489.30	615.98	495.19	946.15
70	384.42	322.05	491.77	1,176.58	494.52	623.20	500.79	957.65

Priority Mail Express International Flat Rate Retail Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelope	45.95	62.95	67.95	66.95	66.95	69.95	69.95	68.95

Priority Mail Express International Flat Rate Commercial Base Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelope	42.85	57.95	63.95	62.95	62.95	66.95	62.95	61.75

Priority Mail Express International Flat Rate Commercial Plus Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelope	42.85	57.95	63.95	62.95	62.95	66.95	62.95	61.75

Priority Mail Express International Retail Prices

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
0.5	45.95	57.50	72.50	64.95	68.00	68.90	64.15	67.70	68.70	59.90
1	50.30	63.45	74.00	66.95	70.10	73.30	69.55	74.75	75.10	65.05
2	55.65	68.00	79.85	71.30	74.65	78.75	74.70	82.00	82.40	70.15
3	61.05	72.60	85.75	75.65	79.20	84.15	79.85	89.35	89.75	75.25
4	66.40	77.15	91.60	80.00	83.75	89.55	84.95	96.65	97.10	80.35
5	71.75	81.70	97.50	84.35	88.30	95.00	90.10	103.90	104.40	85.40
6	77.10	85.00	103.60	88.70	92.85	100.60	95.85	111.25	111.80	90.25
7	82.45	88.25	109.45	93.05	97.40	106.15	101.10	118.50	119.10	95.05
8	87.85	91.45	115.35	97.40	102.00	111.65	106.35	125.85	126.45	99.80
9	93.20	94.65	121.30	101.75	106.55	117.20	111.60	133.15	133.80	104.55
10	98.55	97.90	127.15	106.10	111.10	122.70	116.90	140.45	141.10	109.35
11	103.80	101.25	133.35	110.45	115.85	128.60	123.00	148.05	149.00	114.20
12	108.95	104.50	139.25	114.80	120.45	134.15	128.30	155.40	156.40	119.10
13	114.10	107.75	145.10	119.15	125.00	139.70	133.60	162.65	163.75	124.00
14	119.25	110.95	150.90	123.50	129.55	145.25	138.90	169.95	171.10	128.85
15	124.40	114.15	156.80	127.85	134.10	150.80	144.20	177.30	178.50	133.75
16	129.55	117.30	162.65	132.20	138.70	156.40	149.55	184.60	185.85	138.60
17	134.70	120.40	168.45	136.55	143.25	161.95	154.85	191.95	193.20	143.50
18	139.85	123.50	174.35	140.90	147.80	167.45	160.15	199.25	200.55	148.35
19	145.00	126.65	180.20	145.25	152.35	173.00	165.45	206.60	207.95	153.25
20	150.15	129.70	186.05	149.60	156.95	178.55	170.75	213.90	215.30	158.10
21	155.30	132.95	191.90	153.95	161.50	184.30	176.40	221.45	222.50	163.00
22	160.45	136.10	197.75	158.30	166.05	189.85	181.75	228.75	229.80	167.90
23	165.60	139.20	203.60	162.65	170.60	195.40	187.05	236.05	237.15	172.75
24	170.75	142.30	209.45	167.00	175.20	200.95	192.35	243.40	244.55	177.65
25	175.90	145.45	215.35	171.35	179.75	206.50	197.70	250.70	251.90	182.50

Priority Mail Express International Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
0.5	60.45	69.35	72.15	65.95	66.80	66.95	64.95	<u>61.10</u>	<u>83.55</u>	<u>66.95</u>
1	65.65	72.45	76.25	67.75	69.85	68.95	72.45	<u>65.65</u>	<u>85.40</u>	<u>71.75</u>
2	70.80	79.10	81.20	74.30	73.35	72.20	78.05	<u>71.60</u>	<u>92.15</u>	<u>76.55</u>
3	75.95	85.70	86.15	80.80	76.85	75.45	83.70	<u>77.55</u>	<u>99.00</u>	<u>81.40</u>
4	81.05	92.35	91.10	87.35	80.35	78.70	89.30	<u>83.55</u>	<u>105.75</u>	<u>86.20</u>
5	86.15	98.95	96.05	93.90	83.85	81.95	94.90	<u>89.45</u>	<u>112.50</u>	<u>91.00</u>
6	91.05	106.00	101.40	100.90	87.80	85.10	100.20	<u>93.90</u>	<u>119.80</u>	<u>94.70</u>
7	95.90	112.85	106.45	107.55	91.45	88.25	105.55	<u>98.20</u>	<u>126.55</u>	<u>98.45</u>
8	100.70	119.70	111.55	114.20	95.05	91.40	110.85	<u>102.55</u>	<u>133.40</u>	<u>102.15</u>
9	105.50	126.55	116.65	120.90	98.65	94.55	116.15	<u>106.90</u>	<u>140.20</u>	<u>105.80</u>
10	110.35	133.40	121.70	127.55	102.25	97.70	121.45	<u>111.30</u>	<u>147.00</u>	<u>109.55</u>
11	115.25	140.35	127.00	133.90	106.15	101.70	126.00	<u>115.35</u>	<u>154.55</u>	<u>113.90</u>
12	120.15	147.30	132.10	140.95	109.75	105.50	130.50	<u>119.25</u>	<u>161.35</u>	<u>117.60</u>
13	125.10	154.25	137.20	148.00	113.35	109.30	134.95	<u>123.10</u>	<u>168.15</u>	<u>121.40</u>
14	130.00	161.20	142.30	155.05	116.95	113.10	139.40	<u>127.00</u>	<u>174.90</u>	<u>125.10</u>
15	134.95	168.15	147.40	162.05	120.60	116.90	143.90	<u>130.85</u>	<u>181.70</u>	<u>128.80</u>
16	139.85	175.10	152.40	169.10	124.25	120.70	148.35	<u>134.75</u>	<u>188.50</u>	<u>132.55</u>
17	144.80	182.10	157.50	176.15	127.85	124.50	152.80	<u>138.60</u>	<u>195.25</u>	<u>136.25</u>
18	149.70	189.05	162.60	183.20	131.45	128.30	157.30	<u>142.50</u>	<u>202.05</u>	<u>140.05</u>
19	154.65	196.00	167.70	190.25	135.10	132.10	161.75	<u>146.35</u>	<u>208.85</u>	<u>143.75</u>
20	159.50	202.95	172.80	197.30	138.75	135.90	166.20	<u>150.25</u>	<u>215.60</u>	<u>147.45</u>
21	164.45	210.10	178.00	203.65	142.50	139.70	170.85	<u>154.55</u>	<u>222.75</u>	<u>151.90</u>
22	169.40	217.05	183.10	209.95	146.10	143.50	175.30	<u>158.45</u>	<u>229.55</u>	<u>155.65</u>
23	174.30	224.05	188.20	216.25	149.75	147.30	179.80	<u>162.35</u>	<u>236.30</u>	<u>159.40</u>
24	179.25	231.00	193.30	222.55	153.35	151.10	184.25	<u>166.20</u>	<u>243.15</u>	<u>163.15</u>
25	184.15	237.95	198.35	228.85	157.05	154.90	188.75	<u>170.10</u>	<u>249.95</u>	<u>166.90</u>

Priority Mail Express International Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
26	181.05	148.50	221.15	175.70	184.30	212.05	203.00	258.05	259.25	187.40
27	186.20	151.65	227.00	180.05	188.85	217.60	208.30	265.40	266.65	192.25
28	191.35	154.75	232.90	184.40	193.45	223.15	213.60	272.70	274.00	197.15
29	196.50	157.85	238.70	188.75	198.00	228.70	218.95	280.00	281.30	202.00
30	201.60	161.00	244.60	193.10	202.55	234.25	224.25	287.35	288.70	206.90
31	205.70	164.55	249.70	197.45	207.15	240.00	230.25	294.70	295.80	211.75
32	210.00	167.70	255.55	201.80	211.70	245.60	235.55	302.00	303.15	216.65
33	214.25	170.85	261.40	206.15	216.25	251.15	240.90	309.30	310.50	221.55
34	218.55	173.90	267.25	210.50	220.80	256.70	246.25	316.60	317.80	226.40
35	222.85	177.05	273.10	214.85	225.40	262.25	251.55	324.00	325.20	231.30
36	227.10	180.15	278.90	219.20	229.95	267.80	256.90	331.30	332.55	236.15
37	231.40	183.30	284.75	223.55	234.50	273.35	262.20	338.60	339.90	241.05
38	235.65	186.45	290.60	227.90	239.05	278.90	267.55	345.95	347.25	245.90
39	239.95	189.50	296.45	232.25	243.65	284.50	272.90	353.25	354.60	250.80
40	244.20	192.65	302.25	236.60	248.20	290.05	278.20	360.60	361.95	255.65
41	248.25	196.15	308.40	241.20	253.25	296.40	284.35	368.25	371.05	260.80
42	252.55	199.25	314.25	245.55	257.85	302.00	289.70	375.60	378.45	265.65
43	256.80	202.40	320.05	249.90	262.40	307.55	295.05	382.90	385.80	270.55
44	261.10	205.55	325.95	254.25	266.95	313.10	300.35	390.30	393.25	275.45
45	265.35	208.65	331.75	258.60	271.55	318.70	305.70	397.60	400.60	280.30
46	269.65	211.80	337.65	262.95	276.10	324.30	311.10	404.95	408.00	285.20
47	273.90	214.90	343.45	267.30	280.65	329.85	316.45	412.25	415.35	290.10
48	278.20	218.05	349.30	271.65	285.25	335.45	321.80	419.55	422.75	294.95
49	282.45	221.20	355.15	276.00	289.80	341.00	327.10	426.95	430.15	299.85
50	286.75	224.30	361.00	280.35	294.35	346.55	332.45	434.25	437.55	304.75

Priority Mail Express International Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	189.10	244.90	203.45	235.15	160.65	158.70	193.20	<u>173.95</u>	<u>256.70</u>	<u>170.60</u>
27	194.00	251.90	208.55	241.45	164.25	162.50	197.65	<u>177.85</u>	<u>263.50</u>	<u>174.40</u>
28	198.90	258.85	213.65	247.80	167.90	166.30	202.15	<u>181.75</u>	<u>270.30</u>	<u>178.10</u>
29	203.80	265.80	218.75	254.10	171.55	170.10	206.60	<u>185.60</u>	<u>277.10</u>	<u>181.90</u>
30	208.75	272.75	223.80	260.40	175.15	173.90	211.10	<u>189.50</u>	<u>283.90</u>	<u>185.60</u>
31	213.65	280.00	229.15	266.70	178.95	177.85	215.55	<u>193.55</u>	<u>290.60</u>	<u>190.85</u>
32	218.60	286.95	234.25	273.00	182.60	181.65	220.05	<u>197.45</u>	<u>297.35</u>	<u>194.60</u>
33	223.55	293.95	239.35	279.30	186.20	185.45	224.50	<u>201.40</u>	<u>304.20</u>	<u>198.35</u>
34	228.45	300.90	244.45	285.60	189.85	189.25	228.95	<u>205.25</u>	<u>310.95</u>	<u>202.15</u>
35	233.40	307.85	249.50	291.90	193.50	193.05	233.45	<u>209.15</u>	<u>317.80</u>	<u>205.90</u>
36	238.30	314.85	254.60	298.25	197.10	196.85	237.90	<u>213.00</u>	<u>324.55</u>	<u>209.70</u>
37	243.20	321.80	259.70	304.55	200.75	200.65	242.40	<u>216.90</u>	<u>331.35</u>	<u>213.45</u>
38	248.10	328.80	264.85	310.85	204.40	204.45	246.85	<u>220.80</u>	<u>338.15</u>	<u>217.20</u>
39	253.05	335.75	269.90	317.15	208.05	208.25	251.30	<u>224.65</u>	<u>344.95</u>	<u>221.00</u>
40	257.95	342.70	275.00	323.45	211.65	212.05	255.80	<u>228.60</u>	<u>351.70</u>	<u>224.75</u>
41	263.15	350.00	280.60	330.10	215.70	215.85	260.25	<u>232.70</u>	<u>360.30</u>	<u>230.50</u>
42	268.05	357.00	285.75	336.40	219.30	219.65	264.75	<u>236.60</u>	<u>367.10</u>	<u>234.30</u>
43	273.00	363.95	290.85	342.70	223.00	223.45	269.20	<u>240.45</u>	<u>373.90</u>	<u>238.15</u>
44	277.95	370.95	295.90	349.00	226.65	227.25	273.70	<u>244.35</u>	<u>380.80</u>	<u>241.90</u>
45	282.80	377.90	301.00	355.35	230.25	231.05	278.15	<u>248.25</u>	<u>387.60</u>	<u>245.75</u>
46	287.75	384.90	306.15	361.65	233.90	234.85	282.60	<u>252.15</u>	<u>394.45</u>	<u>249.55</u>
47	292.70	391.85	311.25	367.95	237.50	238.65	287.10	<u>256.05</u>	<u>401.25</u>	<u>253.35</u>
48	297.60	398.85	316.35	374.25	241.20	242.45	291.55	<u>259.95</u>	<u>408.05</u>	<u>257.15</u>
49	302.55	405.80	321.45	380.60	244.80	246.30	296.05	<u>263.80</u>	<u>414.90</u>	<u>261.00</u>
50	307.50	412.80	326.55	386.90	248.45	250.10	300.50	<u>267.70</u>	<u>421.75</u>	<u>264.75</u>

Priority Mail Express International Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
51	291.00	227.85	366.80	284.70	298.95	352.80	338.15	442.00	444.90	309.90
52	295.30	231.00	372.70	289.05	303.50	358.35	343.45	449.35	452.30	314.80
53	299.55	234.10	378.50	293.40	308.05	363.95	348.80	456.65	459.65	319.70
54	303.85	237.25	384.35	297.75	312.65	369.50	354.15	464.05	467.10	324.55
55	308.10	240.40	390.20	302.15	317.25	375.15	359.55	471.35	474.50	329.45
56	312.35	243.50	396.05	306.50	321.80	380.75	364.90	478.70	481.85	334.35
57	316.65	246.65	401.85	310.85	326.40	386.30	370.25	486.00	489.25	339.20
58	320.90	249.80	407.75	315.20	330.95	391.90	375.60	493.35	496.60	344.10
59	325.20	252.90	413.55	319.55	335.55	397.45	380.95	500.75	504.05	349.00
60	329.45	256.05	419.45	323.90	340.10	403.05	386.30	508.05	511.40	353.90
61	333.75	259.45	425.25	328.25	344.65	409.35	392.00	515.85	518.80	358.75
62	338.00	262.55	431.10	332.60	349.25	414.95	397.35	523.20	526.15	363.65
63	342.30	265.70	436.95	336.95	353.80	420.55	402.70	530.55	533.55	368.55
64	346.55	268.85	442.80	341.30	358.35	426.20	408.10	537.95	540.95	373.45
65	350.85	272.00	448.60	345.65	362.95	431.80	413.45	545.25	548.35	378.30
66	355.10	275.10	454.50	350.00	367.50	437.35	418.80	552.60	555.70	383.20
67	-	278.25	460.30	354.35	372.05	442.95	424.15	559.95	563.10	388.10
68	-	281.40	466.15	358.75	376.70	448.55	429.50	567.25	570.45	393.00
69	-	284.50	472.00	363.10	381.25	454.15	434.85	574.65	577.90	397.85
70	-	287.65	477.85	367.45	385.80	459.70	440.20	582.00	585.30	402.75

Priority Mail Express International Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	312.70	419.75	331.95	393.20	252.60	254.10	304.95	<u>272.15</u>	<u>429.25</u>	<u>269.60</u>
52	317.65	426.75	337.10	399.50	256.20	257.90	309.45	<u>276.00</u>	<u>436.10</u>	<u>273.40</u>
53	322.60	433.70	342.15	405.85	259.90	261.75	313.90	<u>279.95</u>	<u>442.95</u>	<u>277.25</u>
54	327.45	440.70	347.30	412.15	263.50	265.55	318.40	<u>283.85</u>	<u>449.75</u>	<u>281.05</u>
55	332.40	447.65	352.40	418.45	267.15	269.35	322.85	<u>287.70</u>	<u>456.60</u>	<u>284.90</u>
56	337.35	454.65	357.50	424.75	270.80	273.15	327.35	<u>291.60</u>	<u>463.45</u>	<u>288.70</u>
57	342.25	461.60	362.65	431.10	274.45	276.95	331.80	<u>295.55</u>	<u>470.25</u>	<u>292.55</u>
58	347.20	468.60	367.70	437.40	278.10	280.75	336.25	<u>299.40</u>	<u>477.10</u>	<u>296.35</u>
59	352.15	475.60	372.85	443.70	281.75	284.55	340.75	<u>303.30</u>	<u>483.95</u>	<u>300.20</u>
60	357.10	482.55	377.95	450.00	285.40	288.35	345.20	<u>307.25</u>	<u>490.80</u>	<u>303.95</u>
61	362.00	489.55	383.40	456.35	289.60	292.15	349.70	<u>311.70</u>	<u>498.45</u>	<u>310.70</u>
62	366.90	496.50	388.55	462.65	293.25	296.00	354.15	<u>315.65</u>	<u>505.30</u>	<u>314.55</u>
63	371.85	503.50	393.60	468.95	296.90	299.80	358.65	<u>319.55</u>	<u>512.15</u>	<u>318.40</u>
64	376.80	510.45	398.75	475.25	300.60	303.60	363.10	<u>323.45</u>	<u>519.00</u>	<u>322.25</u>
65	381.70	517.45	403.85	481.60	304.20	307.40	367.55	<u>327.35</u>	<u>525.80</u>	<u>326.15</u>
66	386.65	524.40	409.00	487.90	307.85	311.20	372.05	<u>331.30</u>	<u>532.70</u>	<u>329.95</u>
67	391.60	-	-	-	-	-	-	=	<u>539.55</u>	=
68	396.55	-	-	-	-	-	-	=	<u>546.35</u>	=
69	401.45	-	-	-	-	-	-	=	<u>553.25</u>	=
70	406.35	-	-	-	-	-	-	=	<u>560.05</u>	=

Priority Mail Express International Offered at a Discount at Retail

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Priority Mail Express International Commercial Base Prices

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
0.5	42.85	54.50	68.73	60.99	63.73	65.32	60.99	64.52	65.51	56.60
1	46.82	60.05	70.15	62.84	65.67	69.53	66.09	71.31	71.65	61.40
2	51.81	64.37	75.72	66.93	69.94	74.66	70.97	78.28	78.65	66.21
3	56.80	68.69	81.30	71.01	74.21	79.80	75.85	85.26	85.66	71.01
4	61.79	73.01	86.87	75.10	78.48	84.92	80.73	92.24	92.67	75.81
5	66.78	77.34	92.46	79.17	82.73	90.06	85.61	99.20	99.67	80.61
6	71.77	80.45	98.02	83.26	87.01	95.39	90.94	106.17	106.67	85.11
7	76.75	83.50	103.60	87.34	91.27	100.64	95.95	113.15	113.68	89.61
8	81.75	86.54	109.17	91.43	95.54	105.88	100.95	120.11	120.68	94.11
9	86.74	89.59	114.76	95.50	99.80	111.12	105.94	127.09	127.69	98.60
10	91.72	92.63	120.33	99.59	104.07	116.38	110.95	134.06	134.69	103.10
11	96.05	95.77	126.21	103.67	108.85	121.85	116.29	141.31	142.51	107.60
12	100.83	98.81	131.76	107.76	113.15	127.11	121.31	148.28	149.55	112.20
13	105.59	101.87	137.30	111.83	117.42	132.35	126.31	155.26	156.59	116.79
14	110.35	104.92	142.84	115.91	121.71	137.61	131.33	162.25	163.63	121.38
15	115.11	107.96	148.37	120.00	126.00	142.87	136.36	169.24	170.69	125.98
16	119.89	110.91	153.91	124.08	130.28	148.13	141.37	176.23	177.73	130.58
17	124.65	113.85	159.46	128.16	134.57	153.38	146.38	183.21	184.77	135.17
18	129.41	116.78	165.00	132.24	138.85	158.63	151.39	190.18	191.81	139.76
19	134.18	119.72	170.53	136.33	143.15	163.89	156.42	197.18	198.86	144.36
20	138.95	122.67	176.08	140.41	147.43	169.14	161.43	204.16	205.91	148.96
21	143.71	125.73	181.61	144.49	151.71	174.56	166.76	211.35	212.95	153.55
22	148.47	128.67	187.16	148.57	156.00	179.83	171.80	218.34	219.99	158.14
23	153.24	131.60	192.69	152.66	160.29	185.08	176.82	225.34	227.05	162.73
24	158.01	134.56	198.24	156.74	164.58	190.35	181.85	232.32	234.08	167.34
25	162.77	137.50	203.77	160.82	168.86	195.60	186.86	239.31	241.12	171.93

Priority Mail Express International Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
0.5	56.60	65.96	68.62	62.45	63.44	62.84	62.38	<u>57.92</u>	<u>78.30</u>	<u>63.44</u>
1	61.95	68.83	72.52	64.31	66.18	65.00	69.48	<u>62.25</u>	<u>79.98</u>	<u>67.79</u>
2	66.81	75.12	77.22	70.50	69.50	68.07	74.87	<u>67.89</u>	<u>86.33</u>	<u>72.33</u>
3	71.65	81.42	81.93	76.71	72.81	71.15	80.26	<u>73.54</u>	<u>92.69</u>	<u>76.87</u>
4	76.49	87.72	86.64	82.91	76.13	74.22	85.65	<u>79.18</u>	<u>99.04</u>	<u>81.43</u>
5	81.34	94.00	91.34	89.10	79.43	77.28	91.03	<u>84.82</u>	<u>105.41</u>	<u>85.98</u>
6	85.88	100.50	96.25	94.96	83.02	80.26	96.12	<u>88.94</u>	<u>111.85</u>	<u>89.48</u>
7	90.42	107.00	101.05	101.23	86.44	83.23	101.21	<u>93.06</u>	<u>118.22</u>	<u>92.97</u>
8	94.96	113.49	105.88	107.49	89.86	86.20	106.29	<u>97.18</u>	<u>124.57</u>	<u>96.48</u>
9	99.49	119.98	110.69	113.76	93.28	89.17	111.37	<u>101.29</u>	<u>130.95</u>	<u>99.98</u>
10	104.03	126.48	115.52	120.04	96.71	92.15	116.46	<u>105.42</u>	<u>137.30</u>	<u>103.48</u>
11	108.57	133.07	120.55	126.71	100.32	95.81	120.74	<u>109.30</u>	<u>143.84</u>	<u>107.70</u>
12	113.21	139.68	125.38	133.37	103.74	99.38	125.02	<u>112.96</u>	<u>150.17</u>	<u>111.24</u>
13	117.84	146.27	130.21	140.05	107.17	102.96	129.30	<u>116.63</u>	<u>156.48</u>	<u>114.76</u>
14	122.47	152.86	135.04	146.72	110.60	106.55	133.58	<u>120.30</u>	<u>162.79</u>	<u>118.28</u>
15	127.11	159.46	139.85	153.39	114.03	110.12	137.86	<u>123.97</u>	<u>169.10</u>	<u>121.81</u>
16	131.76	166.06	144.69	160.06	117.45	113.70	142.14	<u>127.64</u>	<u>175.42</u>	<u>125.34</u>
17	136.39	172.65	149.51	166.73	120.87	117.27	146.42	<u>131.31</u>	<u>181.73</u>	<u>128.86</u>
18	141.02	179.25	154.35	173.41	124.32	120.86	150.70	<u>134.98</u>	<u>188.05</u>	<u>132.38</u>
19	145.66	185.84	159.16	180.08	127.74	124.43	154.98	<u>138.64</u>	<u>194.36</u>	<u>135.90</u>
20	150.30	192.44	163.99	186.74	131.17	128.01	159.25	<u>142.31</u>	<u>200.67</u>	<u>139.43</u>
21	154.93	199.22	169.13	192.72	134.85	131.59	163.54	<u>146.41</u>	<u>207.15</u>	<u>143.37</u>
22	159.56	205.82	173.98	198.69	138.30	135.17	167.82	<u>150.09</u>	<u>213.49</u>	<u>146.90</u>
23	164.19	212.42	178.80	204.65	141.73	138.75	172.10	<u>153.76</u>	<u>219.80</u>	<u>150.44</u>
24	168.85	219.03	183.64	210.62	145.16	142.32	176.37	<u>157.44</u>	<u>226.12</u>	<u>153.98</u>
25	173.48	225.63	188.48	216.60	148.59	145.90	180.66	<u>161.13</u>	<u>232.43</u>	<u>157.52</u>

Priority Mail Express International Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
26	167.53	140.44	209.31	164.90	173.15	200.86	191.89	246.30	248.17	176.52
27	172.30	143.38	214.86	168.99	177.44	206.12	196.92	253.30	255.22	181.11
28	177.07	146.33	220.40	173.07	181.72	211.39	201.95	260.29	262.27	185.72
29	181.83	149.27	225.93	177.14	186.00	216.64	206.97	267.27	269.30	190.31
30	186.60	152.22	231.47	181.23	190.29	221.90	211.99	274.26	276.34	194.90
31	190.56	155.01	237.01	185.31	194.58	227.17	217.45	281.53	283.40	199.49
32	194.53	157.96	242.56	189.40	198.87	232.43	222.48	288.53	290.44	204.10
33	198.49	160.90	248.09	193.47	203.14	237.68	227.51	295.53	297.48	208.69
34	202.45	163.83	253.64	197.56	207.44	242.94	232.54	302.52	304.53	213.28
35	206.41	166.77	259.17	201.64	211.72	248.21	237.59	309.52	311.57	217.87
36	210.38	169.72	264.72	205.73	216.02	253.47	242.63	316.52	318.61	222.48
37	214.34	172.67	270.25	209.80	220.29	258.72	247.65	323.52	325.66	227.07
38	218.30	175.60	275.80	213.89	224.58	263.99	252.69	330.51	332.70	231.66
39	222.26	178.54	281.33	217.97	228.87	269.24	257.72	337.52	339.76	236.25
40	226.23	181.49	286.87	222.06	233.16	274.51	262.77	344.52	346.80	240.85
41	230.19	185.12	292.98	226.13	238.57	280.02	268.06	352.18	355.84	245.22
42	234.15	188.07	298.53	230.22	242.88	285.29	273.10	359.18	362.91	249.80
43	238.11	191.01	304.08	234.30	247.19	290.55	278.14	366.21	370.01	254.39
44	242.08	193.98	309.63	238.39	251.50	295.82	283.18	373.21	377.09	258.99
45	246.04	196.93	315.17	242.46	255.80	301.08	288.22	380.21	384.17	263.58
46	250.00	199.88	320.74	246.54	260.10	306.34	293.26	387.23	391.25	268.17
47	253.96	202.83	326.28	250.63	264.41	311.61	298.30	394.24	398.34	272.75
48	257.93	205.79	331.83	254.71	268.72	316.89	303.35	401.26	405.43	277.35
49	261.89	208.74	337.38	258.79	273.02	322.14	308.38	408.26	412.51	281.94
50	265.85	211.68	342.93	262.87	277.33	327.41	313.42	415.28	419.59	286.53

Priority Mail Express International Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	178.11	232.23	193.32	222.56	152.03	149.48	184.94	<u>164.80</u>	<u>238.75</u>	<u>161.04</u>
27	182.74	238.83	198.14	228.53	155.46	153.06	189.22	<u>168.48</u>	<u>245.08</u>	<u>164.58</u>
28	187.39	245.44	202.98	234.50	158.90	156.64	193.49	<u>172.16</u>	<u>251.40</u>	<u>168.12</u>
29	192.02	252.04	207.82	240.47	162.33	160.21	197.77	<u>175.84</u>	<u>257.71</u>	<u>171.66</u>
30	196.65	258.64	212.65	246.44	165.77	163.80	202.06	<u>179.52</u>	<u>264.03</u>	<u>175.18</u>
31	201.29	265.24	217.49	252.41	169.37	167.37	206.34	<u>183.55</u>	<u>270.57</u>	<u>180.08</u>
32	205.94	271.85	222.32	258.37	172.80	170.95	210.61	<u>187.24</u>	<u>276.91</u>	<u>183.65</u>
33	210.57	278.45	227.16	264.35	176.24	174.52	214.89	<u>190.93</u>	<u>283.23</u>	<u>187.22</u>
34	215.20	285.05	231.99	270.31	179.68	178.11	219.18	<u>194.61</u>	<u>289.55</u>	<u>190.78</u>
35	219.83	291.65	236.83	276.28	183.11	181.69	223.46	<u>198.30</u>	<u>295.87</u>	<u>194.33</u>
36	224.48	298.26	241.66	282.25	186.55	185.26	227.73	<u>201.99</u>	<u>302.21</u>	<u>197.90</u>
37	229.11	304.86	246.50	288.22	189.98	188.84	232.01	<u>205.67</u>	<u>308.53</u>	<u>201.46</u>
38	233.74	311.46	251.34	294.19	193.43	192.42	236.30	<u>209.36</u>	<u>314.85</u>	<u>205.03</u>
39	238.38	318.06	256.17	300.16	196.87	196.00	240.58	<u>213.04</u>	<u>321.17</u>	<u>208.58</u>
40	243.02	324.67	261.00	306.12	200.30	199.57	244.85	<u>216.73</u>	<u>327.50</u>	<u>212.15</u>
41	247.43	331.58	265.59	312.10	204.14	202.96	249.13	<u>220.63</u>	<u>334.95</u>	<u>217.35</u>
42	252.05	338.18	270.42	318.07	207.59	206.54	253.41	<u>224.33</u>	<u>341.30</u>	<u>220.93</u>
43	256.68	344.79	275.24	324.03	211.03	210.11	257.70	<u>228.01</u>	<u>347.64</u>	<u>224.52</u>
44	261.32	351.41	280.08	330.00	214.47	213.69	261.97	<u>231.70</u>	<u>353.99</u>	<u>228.11</u>
45	265.95	358.01	284.91	335.98	217.91	217.26	266.25	<u>235.39</u>	<u>360.33</u>	<u>231.70</u>
46	270.58	364.62	289.75	341.94	221.36	220.84	270.53	<u>239.08</u>	<u>366.69</u>	<u>235.29</u>
47	275.20	371.22	294.57	347.91	224.80	224.41	274.82	<u>242.78</u>	<u>373.02</u>	<u>238.88</u>
48	279.85	377.84	299.40	353.88	228.24	227.98	279.09	<u>246.46</u>	<u>379.37</u>	<u>242.47</u>
49	284.48	384.44	304.24	359.85	231.69	231.56	283.37	<u>250.16</u>	<u>385.71</u>	<u>246.06</u>
50	289.11	391.05	309.07	365.82	235.15	235.14	287.65	<u>253.84</u>	<u>392.06</u>	<u>249.65</u>

Priority Mail Express International Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
51	269.81	214.43	346.84	266.96	281.64	332.67	318.78	422.69	426.68	291.12
52	273.78	217.39	352.36	271.04	285.95	337.93	323.82	429.71	433.77	295.71
53	277.74	220.34	357.88	275.12	290.25	343.19	328.87	436.72	440.84	300.30
54	281.70	223.28	363.42	279.20	294.56	348.46	333.92	443.73	447.92	304.89
55	285.66	226.22	368.93	283.29	298.87	353.72	338.96	450.76	455.02	309.48
56	289.63	229.18	374.46	287.37	303.18	359.00	344.01	457.77	462.10	314.08
57	293.59	232.13	379.98	291.45	307.48	364.26	349.05	464.80	469.18	318.66
58	297.55	235.08	385.51	295.53	311.78	369.52	354.09	471.81	476.26	323.25
59	301.51	238.03	391.03	299.62	316.10	374.79	359.14	478.84	483.36	327.84
60	305.48	240.98	396.56	303.70	320.40	380.06	364.19	485.85	490.44	332.44
61	309.44	243.69	402.08	307.77	324.70	385.67	369.94	493.33	497.52	337.03
62	313.40	246.64	407.61	311.86	329.01	390.94	375.00	500.35	504.60	341.61
63	317.36	249.58	413.13	315.94	333.32	396.22	380.06	507.38	511.69	346.20
64	321.33	252.54	418.66	320.03	337.63	401.49	385.11	514.41	518.78	350.80
65	325.29	255.48	424.17	324.10	341.93	406.75	390.16	521.42	525.85	355.39
66	329.25	258.42	429.71	328.19	346.24	412.02	395.21	528.45	532.94	359.98
67	-	261.37	435.23	332.27	350.54	417.29	400.28	535.48	540.03	364.56
68	-	264.32	440.75	336.36	354.86	422.57	405.34	542.51	547.11	369.16
69	-	267.26	446.27	340.43	359.15	427.82	410.38	549.53	554.19	373.75
70	-	270.21	451.81	344.52	363.47	433.10	415.44	556.55	561.28	378.34

Priority Mail Express International Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	293.74	397.66	314.18	371.79	238.83	238.04	291.66	<u>257.79</u>	<u>399.87</u>	<u>253.22</u>
52	298.37	404.27	319.02	377.75	242.27	241.60	295.93	<u>261.48</u>	<u>406.23</u>	<u>256.82</u>
53	303.00	410.88	323.86	383.73	245.71	245.16	300.21	<u>265.18</u>	<u>412.60</u>	<u>260.41</u>
54	307.63	417.48	328.70	389.70	249.17	248.73	304.48	<u>268.86</u>	<u>418.98</u>	<u>263.99</u>
55	312.27	424.09	333.53	395.66	252.62	252.30	308.76	<u>272.56</u>	<u>425.33</u>	<u>267.58</u>
56	316.91	430.70	338.36	401.63	256.07	255.86	313.03	<u>276.25</u>	<u>431.71</u>	<u>271.17</u>
57	321.53	437.31	343.20	407.61	259.50	259.42	317.31	<u>279.95</u>	<u>438.08</u>	<u>274.77</u>
58	326.16	443.92	348.04	413.57	262.96	262.99	321.59	<u>283.65</u>	<u>444.45</u>	<u>278.35</u>
59	330.79	450.52	352.87	419.54	266.41	266.55	325.86	<u>287.33</u>	<u>450.81</u>	<u>281.94</u>
60	335.43	457.14	357.70	425.50	269.86	270.12	330.13	<u>291.03</u>	<u>457.19</u>	<u>285.53</u>
61	340.06	463.74	362.88	431.48	273.83	273.68	334.41	<u>295.01</u>	<u>463.56</u>	<u>290.74</u>
62	344.68	470.35	367.72	437.45	277.29	277.25	338.69	<u>298.71</u>	<u>469.92</u>	<u>294.35</u>
63	349.32	476.95	372.56	443.41	280.75	280.81	342.97	<u>302.40</u>	<u>476.29</u>	<u>297.96</u>
64	353.96	483.57	377.40	449.38	284.20	284.38	347.24	<u>306.11</u>	<u>482.67</u>	<u>301.58</u>
65	358.59	490.18	382.24	455.36	287.66	287.94	351.51	<u>309.80</u>	<u>489.02</u>	<u>305.18</u>
66	363.22	496.78	387.08	461.32	291.11	291.51	355.79	<u>313.50</u>	<u>495.40</u>	<u>308.78</u>
67	367.84	-	-	-	-	-	-	=	<u>501.77</u>	=
68	372.48	-	-	-	-	-	-	=	<u>508.14</u>	=
69	377.11	-	-	-	-	-	-	=	<u>514.50</u>	=
70	381.75	-	-	-	-	-	-	=	<u>520.88</u>	=

Priority Mail Express International Commercial Plus Prices

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
0.5	42.85	54.50	68.73	60.99	63.73	65.32	60.99	64.52	65.51	56.60
1	46.82	60.05	70.15	62.84	65.67	69.53	66.09	71.31	71.65	61.40
2	51.81	64.37	75.72	66.93	69.94	74.66	70.97	78.28	78.65	66.21
3	56.80	68.69	81.30	71.01	74.21	79.80	75.85	85.26	85.66	71.01
4	61.79	73.01	86.87	75.10	78.48	84.92	80.73	92.24	92.67	75.81
5	66.78	77.34	92.46	79.17	82.73	90.06	85.61	99.20	99.67	80.61
6	71.77	80.45	98.02	83.26	87.01	95.39	90.94	106.17	106.67	85.11
7	76.75	83.50	103.60	87.34	91.27	100.64	95.95	113.15	113.68	89.61
8	81.75	86.54	109.17	91.43	95.54	105.88	100.95	120.11	120.68	94.11
9	86.74	89.59	114.76	95.50	99.80	111.12	105.94	127.09	127.69	98.60
10	91.72	92.63	120.33	99.59	104.07	116.38	110.95	134.06	134.69	103.10
11	96.05	95.77	126.21	103.67	108.85	121.85	116.29	141.31	142.51	107.60
12	100.83	98.81	131.76	107.76	113.15	127.11	121.31	148.28	149.55	112.20
13	105.59	101.87	137.30	111.83	117.42	132.35	126.31	155.26	156.59	116.79
14	110.35	104.92	142.84	115.91	121.71	137.61	131.33	162.25	163.63	121.38
15	115.11	107.96	148.37	120.00	126.00	142.87	136.36	169.24	170.69	125.98
16	119.89	110.91	153.91	124.08	130.28	148.13	141.37	176.23	177.73	130.58
17	124.65	113.85	159.46	128.16	134.57	153.38	146.38	183.21	184.77	135.17
18	129.41	116.78	165.00	132.24	138.85	158.63	151.39	190.18	191.81	139.76
19	134.18	119.72	170.53	136.33	143.15	163.89	156.42	197.18	198.86	144.36
20	138.95	122.67	176.08	140.41	147.43	169.14	161.43	204.16	205.91	148.96
21	143.71	125.73	181.61	144.49	151.71	174.56	166.76	211.35	212.95	153.55
22	148.47	128.67	187.16	148.57	156.00	179.83	171.80	218.34	219.99	158.14
23	153.24	131.60	192.69	152.66	160.29	185.08	176.82	225.34	227.05	162.73
24	158.01	134.56	198.24	156.74	164.58	190.35	181.85	232.32	234.08	167.34
25	162.77	137.50	203.77	160.82	168.86	195.60	186.86	239.31	241.12	171.93

Priority Mail Express International Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
0.5	56.60	65.96	68.62	62.45	63.44	62.84	62.38	<u>57.92</u>	<u>78.30</u>	<u>63.44</u>
1	61.95	68.83	72.52	64.31	66.18	65.00	69.48	<u>62.25</u>	<u>79.98</u>	<u>67.79</u>
2	66.81	75.12	77.22	70.50	69.50	68.07	74.87	<u>67.89</u>	<u>86.33</u>	<u>72.33</u>
3	71.65	81.42	81.93	76.71	72.81	71.15	80.26	<u>73.54</u>	<u>92.69</u>	<u>76.87</u>
4	76.49	87.72	86.64	82.91	76.13	74.22	85.65	<u>79.18</u>	<u>99.04</u>	<u>81.43</u>
5	81.34	94.00	91.34	89.10	79.43	77.28	91.03	<u>84.82</u>	<u>105.41</u>	<u>85.98</u>
6	85.88	100.50	96.25	94.96	83.02	80.26	96.12	<u>88.94</u>	<u>111.85</u>	<u>89.48</u>
7	90.42	107.00	101.05	101.23	86.44	83.23	101.21	<u>93.06</u>	<u>118.22</u>	<u>92.97</u>
8	94.96	113.49	105.88	107.49	89.86	86.20	106.29	<u>97.18</u>	<u>124.57</u>	<u>96.48</u>
9	99.49	119.98	110.69	113.76	93.28	89.17	111.37	<u>101.29</u>	<u>130.95</u>	<u>99.98</u>
10	104.03	126.48	115.52	120.04	96.71	92.15	116.46	<u>105.42</u>	<u>137.30</u>	<u>103.48</u>
11	108.57	133.07	120.55	126.71	100.32	95.81	120.74	<u>109.30</u>	<u>143.84</u>	<u>107.70</u>
12	113.21	139.68	125.38	133.37	103.74	99.38	125.02	<u>112.96</u>	<u>150.17</u>	<u>111.24</u>
13	117.84	146.27	130.21	140.05	107.17	102.96	129.30	<u>116.63</u>	<u>156.48</u>	<u>114.76</u>
14	122.47	152.86	135.04	146.72	110.60	106.55	133.58	<u>120.30</u>	<u>162.79</u>	<u>118.28</u>
15	127.11	159.46	139.85	153.39	114.03	110.12	137.86	<u>123.97</u>	<u>169.10</u>	<u>121.81</u>
16	131.76	166.06	144.69	160.06	117.45	113.70	142.14	<u>127.64</u>	<u>175.42</u>	<u>125.34</u>
17	136.39	172.65	149.51	166.73	120.87	117.27	146.42	<u>131.31</u>	<u>181.73</u>	<u>128.86</u>
18	141.02	179.25	154.35	173.41	124.32	120.86	150.70	<u>134.98</u>	<u>188.05</u>	<u>132.38</u>
19	145.66	185.84	159.16	180.08	127.74	124.43	154.98	<u>138.64</u>	<u>194.36</u>	<u>135.90</u>
20	150.30	192.44	163.99	186.74	131.17	128.01	159.25	<u>142.31</u>	<u>200.67</u>	<u>139.43</u>
21	154.93	199.22	169.13	192.72	134.85	131.59	163.54	<u>146.41</u>	<u>207.15</u>	<u>143.37</u>
22	159.56	205.82	173.98	198.69	138.30	135.17	167.82	<u>150.09</u>	<u>213.49</u>	<u>146.90</u>
23	164.19	212.42	178.80	204.65	141.73	138.75	172.10	<u>153.76</u>	<u>219.80</u>	<u>150.44</u>
24	168.85	219.03	183.64	210.62	145.16	142.32	176.37	<u>157.44</u>	<u>226.12</u>	<u>153.98</u>
25	173.48	225.63	188.48	216.60	148.59	145.90	180.66	<u>161.13</u>	<u>232.43</u>	<u>157.52</u>

Priority Mail Express International Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
26	167.53	140.44	209.31	164.90	173.15	200.86	191.89	246.30	248.17	176.52
27	172.30	143.38	214.86	168.99	177.44	206.12	196.92	253.30	255.22	181.11
28	177.07	146.33	220.40	173.07	181.72	211.39	201.95	260.29	262.27	185.72
29	181.83	149.27	225.93	177.14	186.00	216.64	206.97	267.27	269.30	190.31
30	186.60	152.22	231.47	181.23	190.29	221.90	211.99	274.26	276.34	194.90
31	190.56	155.01	237.01	185.31	194.58	227.17	217.45	281.53	283.40	199.49
32	194.53	157.96	242.56	189.40	198.87	232.43	222.48	288.53	290.44	204.10
33	198.49	160.90	248.09	193.47	203.14	237.68	227.51	295.53	297.48	208.69
34	202.45	163.83	253.64	197.56	207.44	242.94	232.54	302.52	304.53	213.28
35	206.41	166.77	259.17	201.64	211.72	248.21	237.59	309.52	311.57	217.87
36	210.38	169.72	264.72	205.73	216.02	253.47	242.63	316.52	318.61	222.48
37	214.34	172.67	270.25	209.80	220.29	258.72	247.65	323.52	325.66	227.07
38	218.30	175.60	275.80	213.89	224.58	263.99	252.69	330.51	332.70	231.66
39	222.26	178.54	281.33	217.97	228.87	269.24	257.72	337.52	339.76	236.25
40	226.23	181.49	286.87	222.06	233.16	274.51	262.77	344.52	346.80	240.85
41	230.19	185.12	292.98	226.13	238.57	280.02	268.06	352.18	355.84	245.22
42	234.15	188.07	298.53	230.22	242.88	285.29	273.10	359.18	362.91	249.80
43	238.11	191.01	304.08	234.30	247.19	290.55	278.14	366.21	370.01	254.39
44	242.08	193.98	309.63	238.39	251.50	295.82	283.18	373.21	377.09	258.99
45	246.04	196.93	315.17	242.46	255.80	301.08	288.22	380.21	384.17	263.58
46	250.00	199.88	320.74	246.54	260.10	306.34	293.26	387.23	391.25	268.17
47	253.96	202.83	326.28	250.63	264.41	311.61	298.30	394.24	398.34	272.75
48	257.93	205.79	331.83	254.71	268.72	316.89	303.35	401.26	405.43	277.35
49	261.89	208.74	337.38	258.79	273.02	322.14	308.38	408.26	412.51	281.94
50	265.85	211.68	342.93	262.87	277.33	327.41	313.42	415.28	419.59	286.53

Priority Mail Express International Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	178.11	232.23	193.32	222.56	152.03	149.48	184.94	<u>164.80</u>	<u>238.75</u>	<u>161.04</u>
27	182.74	238.83	198.14	228.53	155.46	153.06	189.22	<u>168.48</u>	<u>245.08</u>	<u>164.58</u>
28	187.39	245.44	202.98	234.50	158.90	156.64	193.49	<u>172.16</u>	<u>251.40</u>	<u>168.12</u>
29	192.02	252.04	207.82	240.47	162.33	160.21	197.77	<u>175.84</u>	<u>257.71</u>	<u>171.66</u>
30	196.65	258.64	212.65	246.44	165.77	163.80	202.06	<u>179.52</u>	<u>264.03</u>	<u>175.18</u>
31	201.29	265.24	217.49	252.41	169.37	167.37	206.34	<u>183.55</u>	<u>270.57</u>	<u>180.08</u>
32	205.94	271.85	222.32	258.37	172.80	170.95	210.61	<u>187.24</u>	<u>276.91</u>	<u>183.65</u>
33	210.57	278.45	227.16	264.35	176.24	174.52	214.89	<u>190.93</u>	<u>283.23</u>	<u>187.22</u>
34	215.20	285.05	231.99	270.31	179.68	178.11	219.18	<u>194.61</u>	<u>289.55</u>	<u>190.78</u>
35	219.83	291.65	236.83	276.28	183.11	181.69	223.46	<u>198.30</u>	<u>295.87</u>	<u>194.33</u>
36	224.48	298.26	241.66	282.25	186.55	185.26	227.73	<u>201.99</u>	<u>302.21</u>	<u>197.90</u>
37	229.11	304.86	246.50	288.22	189.98	188.84	232.01	<u>205.67</u>	<u>308.53</u>	<u>201.46</u>
38	233.74	311.46	251.34	294.19	193.43	192.42	236.30	<u>209.36</u>	<u>314.85</u>	<u>205.03</u>
39	238.38	318.06	256.17	300.16	196.87	196.00	240.58	<u>213.04</u>	<u>321.17</u>	<u>208.58</u>
40	243.02	324.67	261.00	306.12	200.30	199.57	244.85	<u>216.73</u>	<u>327.50</u>	<u>212.15</u>
41	247.43	331.58	265.59	312.10	204.14	202.96	249.13	<u>220.63</u>	<u>334.95</u>	<u>217.35</u>
42	252.05	338.18	270.42	318.07	207.59	206.54	253.41	<u>224.33</u>	<u>341.30</u>	<u>220.93</u>
43	256.68	344.79	275.24	324.03	211.03	210.11	257.70	<u>228.01</u>	<u>347.64</u>	<u>224.52</u>
44	261.32	351.41	280.08	330.00	214.47	213.69	261.97	<u>231.70</u>	<u>353.99</u>	<u>228.11</u>
45	265.95	358.01	284.91	335.98	217.91	217.26	266.25	<u>235.39</u>	<u>360.33</u>	<u>231.70</u>
46	270.58	364.62	289.75	341.94	221.36	220.84	270.53	<u>239.08</u>	<u>366.69</u>	<u>235.29</u>
47	275.20	371.22	294.57	347.91	224.80	224.41	274.82	<u>242.78</u>	<u>373.02</u>	<u>238.88</u>
48	279.85	377.84	299.40	353.88	228.24	227.98	279.09	<u>246.46</u>	<u>379.37</u>	<u>242.47</u>
49	284.48	384.44	304.24	359.85	231.69	231.56	283.37	<u>250.16</u>	<u>385.71</u>	<u>246.06</u>
50	289.11	391.05	309.07	365.82	235.15	235.14	287.65	<u>253.84</u>	<u>392.06</u>	<u>249.65</u>

Priority Mail Express International Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
51	269.81	214.43	346.84	266.96	281.64	332.67	318.78	422.69	426.68	291.12
52	273.78	217.39	352.36	271.04	285.95	337.93	323.82	429.71	433.77	295.71
53	277.74	220.34	357.88	275.12	290.25	343.19	328.87	436.72	440.84	300.30
54	281.70	223.28	363.42	279.20	294.56	348.46	333.92	443.73	447.92	304.89
55	285.66	226.22	368.93	283.29	298.87	353.72	338.96	450.76	455.02	309.48
56	289.63	229.18	374.46	287.37	303.18	359.00	344.01	457.77	462.10	314.08
57	293.59	232.13	379.98	291.45	307.48	364.26	349.05	464.80	469.18	318.66
58	297.55	235.08	385.51	295.53	311.78	369.52	354.09	471.81	476.26	323.25
59	301.51	238.03	391.03	299.62	316.10	374.79	359.14	478.84	483.36	327.84
60	305.48	240.98	396.56	303.70	320.40	380.06	364.19	485.85	490.44	332.44
61	309.44	243.69	402.08	307.77	324.70	385.67	369.94	493.33	497.52	337.03
62	313.40	246.64	407.61	311.86	329.01	390.94	375.00	500.35	504.60	341.61
63	317.36	249.58	413.13	315.94	333.32	396.22	380.06	507.38	511.69	346.20
64	321.33	252.54	418.66	320.03	337.63	401.49	385.11	514.41	518.78	350.80
65	325.29	255.48	424.17	324.10	341.93	406.75	390.16	521.42	525.85	355.39
66	329.25	258.42	429.71	328.19	346.24	412.02	395.21	528.45	532.94	359.98
67	-	261.37	435.23	332.27	350.54	417.29	400.28	535.48	540.03	364.56
68	-	264.32	440.75	336.36	354.86	422.57	405.34	542.51	547.11	369.16
69	-	267.26	446.27	340.43	359.15	427.82	410.38	549.53	554.19	373.75
70	-	270.21	451.81	344.52	363.47	433.10	415.44	556.55	561.28	378.34

Priority Mail Express International Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	293.74	397.66	314.18	371.79	238.83	238.04	291.66	<u>257.79</u>	<u>399.87</u>	<u>253.22</u>
52	298.37	404.27	319.02	377.75	242.27	241.60	295.93	<u>261.48</u>	<u>406.23</u>	<u>256.82</u>
53	303.00	410.88	323.86	383.73	245.71	245.16	300.21	<u>265.18</u>	<u>412.60</u>	<u>260.41</u>
54	307.63	417.48	328.70	389.70	249.17	248.73	304.48	<u>268.86</u>	<u>418.98</u>	<u>263.99</u>
55	312.27	424.09	333.53	395.66	252.62	252.30	308.76	<u>272.56</u>	<u>425.33</u>	<u>267.58</u>
56	316.91	430.70	338.36	401.63	256.07	255.86	313.03	<u>276.25</u>	<u>431.71</u>	<u>271.17</u>
57	321.53	437.31	343.20	407.61	259.50	259.42	317.31	<u>279.95</u>	<u>438.08</u>	<u>274.77</u>
58	326.16	443.92	348.04	413.57	262.96	262.99	321.59	<u>283.65</u>	<u>444.45</u>	<u>278.35</u>
59	330.79	450.52	352.87	419.54	266.41	266.55	325.86	<u>287.33</u>	<u>450.81</u>	<u>281.94</u>
60	335.43	457.14	357.70	425.50	269.86	270.12	330.13	<u>291.03</u>	<u>457.19</u>	<u>285.53</u>
61	340.06	463.74	362.88	431.48	273.83	273.68	334.41	<u>295.01</u>	<u>463.56</u>	<u>290.74</u>
62	344.68	470.35	367.72	437.45	277.29	277.25	338.69	<u>298.71</u>	<u>469.92</u>	<u>294.35</u>
63	349.32	476.95	372.56	443.41	280.75	280.81	342.97	<u>302.40</u>	<u>476.29</u>	<u>297.96</u>
64	353.96	483.57	377.40	449.38	284.20	284.38	347.24	<u>306.11</u>	<u>482.67</u>	<u>301.58</u>
65	358.59	490.18	382.24	455.36	287.66	287.94	351.51	<u>309.80</u>	<u>489.02</u>	<u>305.18</u>
66	363.22	496.78	387.08	461.32	291.11	291.51	355.79	<u>313.50</u>	<u>495.40</u>	<u>308.78</u>
67	367.84	-	-	-	-	-	-	-	<u>501.77</u>	-
68	372.48	-	-	-	-	-	-	-	<u>508.14</u>	-
69	377.11	-	-	-	-	-	-	-	<u>514.50</u>	-
70	381.75	-	-	-	-	-	-	-	<u>520.88</u>	-

Pickup On Demand Service

Add \$25.00 for each Pickup On Demand stop.

2315 Outbound Priority Mail International

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2315.4 Price Categories

The following price categories are available for the product specified in this section:

* * *

- Priority Mail International Parcels
 - Price Groups 1-~~47~~20
- Commercial Base

For selected destination countries, available for customers who prepare and pay for Priority Mail International shipments via Postal Service-approved payment methods that electronically transmit customs-related functions. The discount applies only to the postage portion of Priority Mail International prices.

 - Price Groups 1-~~47~~20
- Commercial Plus

For selected destination countries, available for customers who use specifically authorized postage payment methods and must tender at least \$100,000.00 per year of any combination of Priority Mail International, Priority Mail Express International, Global Express Guaranteed, or Outbound Single-Piece First-Class Package International Service items. The discount applies only to the postage portion of Priority Mail International prices. Mail tendered under an Outbound International Negotiated Service Agreement may be used to satisfy the \$100,000.00 per year commitment.

 - Price Groups 1-~~47~~20

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2315.6

Prices

Priority Mail International Flat Rate Retail Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	28.50	35.45	39.30	38.20	39.70	40.15	40.55	38.95
Small Flat Rate Boxes	29.55	37.10	40.55	39.40	40.85	41.20	43.25	40.15
Medium Flat Rate Boxes	54.65	79.75	81.40	80.60	83.65	89.85	94.35	85.00
Large Flat Rate Boxes	71.05	104.05	106.25	105.15	108.50	113.50	118.05	111.35

Priority Mail International Flat Rate Commercial Base Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	27.10	33.70	37.35	36.30	37.70	38.15	38.50	37.00
Small Flat Rate Boxes	28.10	35.25	38.50	37.45	38.80	39.15	41.10	38.15
Medium Flat Rate Boxes	51.90	75.75	77.35	76.55	79.45	85.35	89.65	80.75
Large Flat Rate Boxes	67.50	98.85	100.95	99.90	103.05	107.80	112.15	105.80

Priority Mail International Flat Rate Commercial Plus Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	27.10	33.70	37.35	36.30	37.70	38.15	38.50	37.00
Small Flat Rate Boxes	28.10	35.25	38.50	37.45	38.80	39.15	41.10	38.15
Medium Flat Rate Boxes	51.90	75.75	77.35	76.55	79.45	85.35	89.65	80.75
Large Flat Rate Boxes	67.50	98.85	100.95	99.90	103.05	107.80	112.15	105.80

Priority Mail International Parcels Retail Prices

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
1	37.60	38.95	40.25	41.60	42.90	44.20	45.55
2	40.60	42.05	43.50	44.95	46.45	47.90	49.35
3	43.55	45.15	46.75	48.35	49.95	51.55	53.15
4	46.50	48.25	50.00	51.75	53.50	55.25	57.00
5	49.45	51.35	53.25	55.15	57.00	58.90	60.80
6	52.40	54.45	56.50	58.50	60.55	62.60	64.60
7	55.35	57.55	59.75	61.90	64.10	66.25	68.45
8	58.35	60.65	62.95	65.30	67.60	69.95	72.25
9	61.30	63.75	66.20	68.70	71.15	73.60	76.05
10	64.25	66.85	69.45	72.05	74.70	77.30	79.90
11	67.20	69.95	72.70	75.45	78.20	80.95	83.70
12	70.15	73.05	75.95	78.85	81.75	84.65	87.50
13	73.10	76.15	79.20	82.25	85.25	88.30	91.35
14	76.10	79.25	82.45	85.60	88.80	92.00	95.15
15	79.05	82.35	85.70	89.00	92.35	95.65	98.95
16	82.00	85.45	88.95	92.40	95.85	99.30	102.80
17	84.95	88.55	92.15	95.80	99.40	103.00	106.60
18	87.90	91.65	95.40	99.15	102.90	106.65	110.40
19	90.85	94.75	98.65	102.55	106.45	110.35	114.25
20	93.85	97.85	101.90	105.95	110.00	114.00	118.05
21	96.80	100.95	105.15	109.35	113.50	117.70	121.85
22	99.75	104.05	108.40	112.70	117.05	121.35	125.70
23	102.70	107.15	111.65	116.10	120.55	125.05	129.50
24	105.65	110.25	114.90	119.50	124.10	128.70	133.30
25	108.60	113.40	118.15	122.90	127.65	132.40	137.15

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
1	46.95	57.50	53.95	54.20	55.05	54.55	57.35	55.70	50.00
2	50.00	63.25	57.25	57.55	59.75	59.20	64.15	62.30	54.40
3	53.10	69.00	60.55	60.85	64.45	63.85	70.95	68.95	58.85
4	56.15	74.75	63.85	64.15	69.15	68.50	77.75	75.55	63.25
5	59.25	80.50	67.15	67.50	73.85	73.15	84.60	82.15	67.65
6	62.30	86.25	70.45	70.80	78.55	77.80	91.40	88.80	72.10
7	65.40	92.00	73.80	74.10	83.25	82.45	98.20	95.40	76.50
8	68.45	97.75	77.10	77.45	87.95	87.10	105.05	102.05	80.95
9	71.55	103.50	80.40	80.75	92.65	91.75	111.85	108.65	85.35
10	74.60	109.25	83.70	84.10	97.30	96.40	118.65	115.25	89.80
11	77.65	115.00	87.00	87.40	102.00	101.05	125.45	121.90	94.20
12	80.75	120.70	90.30	90.70	106.70	105.70	132.30	128.50	98.65
13	83.80	126.45	93.60	94.05	111.40	110.35	139.10	135.10	103.05
14	86.90	132.20	96.90	97.35	116.10	115.00	145.90	141.75	107.50
15	89.95	137.95	100.20	100.70	120.80	119.65	152.75	148.35	111.90
16	93.05	143.70	103.50	104.00	125.50	124.30	159.55	155.00	116.35
17	96.10	149.45	106.80	107.30	130.20	128.95	166.35	161.60	120.75
18	99.20	155.20	110.10	110.65	134.90	133.60	173.15	168.20	125.20
19	102.25	160.95	113.40	113.95	139.55	138.25	180.00	174.85	129.60
20	105.35	166.70	116.70	117.25	144.25	142.90	186.80	181.45	134.05
21	108.40	172.45	120.05	120.60	148.95	147.55	193.60	188.10	138.45
22	111.45	178.20	123.35	123.90	153.65	152.20	200.45	194.70	142.90
23	114.55	183.95	126.65	127.25	158.35	156.85	207.25	201.30	147.30
24	117.60	189.70	129.95	130.55	163.05	161.50	214.05	207.95	151.75
25	120.70	195.45	133.25	133.85	167.75	166.15	220.85	214.55	156.15

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
1	50.20	55.70	51.40	56.90	50.25	53.40	56.65	<u>52.05</u>	<u>58.30</u>	<u>57.75</u>
2	54.40	61.40	56.05	61.30	54.00	55.60	60.60	<u>58.30</u>	<u>64.15</u>	<u>63.90</u>
3	58.55	67.10	60.65	65.65	57.75	59.45	64.55	<u>62.60</u>	<u>69.95</u>	<u>68.05</u>
4	62.75	72.80	65.25	70.00	61.50	63.35	68.50	<u>67.00</u>	<u>75.80</u>	<u>72.20</u>
5	66.90	78.50	69.85	74.35	65.25	67.20	72.45	<u>71.40</u>	<u>81.65</u>	<u>77.60</u>
6	71.10	84.20	74.50	78.70	68.95	71.05	76.40	<u>75.85</u>	<u>87.45</u>	<u>81.75</u>
7	75.25	89.85	79.10	83.05	72.70	74.90	80.35	<u>80.35</u>	<u>93.30</u>	<u>85.85</u>
8	79.45	95.55	83.70	87.40	76.45	78.75	84.30	<u>84.90</u>	<u>99.10</u>	<u>90.00</u>
9	83.60	101.25	88.30	91.75	80.20	82.60	88.25	<u>89.50</u>	<u>104.95</u>	<u>94.15</u>
10	87.80	106.95	92.95	96.10	83.95	86.45	92.20	<u>94.10</u>	<u>110.80</u>	<u>98.30</u>
11	91.95	112.65	97.55	100.45	86.30	88.90	96.15	<u>97.25</u>	<u>116.60</u>	<u>102.45</u>
12	96.10	118.30	102.15	104.80	88.70	91.35	100.10	<u>100.40</u>	<u>122.45</u>	<u>106.60</u>
13	100.30	124.00	106.75	109.15	92.20	94.95	104.05	<u>104.85</u>	<u>128.30</u>	<u>110.75</u>
14	104.45	129.70	111.40	113.50	95.70	98.55	108.00	<u>109.35</u>	<u>134.10</u>	<u>114.90</u>
15	108.65	135.40	116.00	117.85	99.20	102.15	111.95	<u>113.90</u>	<u>139.95</u>	<u>119.00</u>
16	112.80	141.10	120.60	122.20	102.65	105.75	115.90	<u>118.45</u>	<u>145.75</u>	<u>123.15</u>
17	117.00	146.75	125.25	126.55	106.15	109.35	119.85	<u>123.10</u>	<u>151.60</u>	<u>127.30</u>
18	121.15	152.45	129.85	130.90	109.65	112.95	123.80	<u>127.75</u>	<u>157.45</u>	<u>131.45</u>
19	125.35	158.15	134.45	135.25	113.15	116.55	127.75	<u>132.45</u>	<u>163.25</u>	<u>135.60</u>
20	129.50	163.85	139.05	139.60	116.65	120.15	131.70	<u>136.45</u>	<u>169.10</u>	<u>139.75</u>
21	133.70	169.55	143.70	143.95	120.15	123.75	135.65	<u>140.30</u>	<u>174.95</u>	<u>143.90</u>
22	137.85	175.25	148.30	148.30	123.65	127.35	139.60	<u>144.30</u>	<u>180.75</u>	<u>148.05</u>
23	142.05	180.90	152.90	152.65	127.15	130.95	143.55	<u>148.25</u>	<u>186.60</u>	<u>152.15</u>
24	146.20	186.60	157.50	157.00	130.65	134.55	147.50	<u>152.20</u>	<u>192.40</u>	<u>156.30</u>
25	150.40	192.30	162.15	161.35	134.10	138.15	151.45	<u>156.15</u>	<u>198.25</u>	<u>158.50</u>

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
26	111.60	116.50	121.35	126.25	131.15	136.05	140.95
27	114.55	119.60	124.60	129.65	134.70	139.75	144.75
28	117.50	122.70	127.85	133.05	138.20	143.40	148.60
29	120.45	125.80	131.10	136.45	141.75	147.10	152.40
30	123.40	128.90	134.35	139.80	145.30	150.75	156.20
31	126.35	132.00	137.60	143.20	148.80	154.45	160.05
32	129.35	135.10	140.85	146.60	152.35	158.10	163.85
33	132.30	138.20	144.10	150.00	155.90	161.75	167.65
34	135.25	141.30	147.35	153.35	159.40	165.45	171.50
35	138.20	144.40	150.55	156.75	162.95	169.10	175.30
36	141.15	147.50	153.80	160.15	166.45	172.80	179.10
37	144.10	150.60	157.05	163.55	170.00	176.45	182.95
38	147.10	153.70	160.30	166.90	173.55	180.15	186.75
39	150.05	156.80	163.55	170.30	177.05	183.80	190.55
40	153.00	159.90	166.80	173.70	180.60	187.50	194.40
41	155.95	163.00	170.05	177.10	184.10	191.15	198.20
42	158.90	166.10	173.30	180.45	187.65	194.85	202.00
43	161.85	169.20	176.55	183.85	191.20	198.50	205.85
44	164.85	172.30	179.75	187.25	194.70	202.20	209.65
45	167.80	175.40	183.00	190.65	198.25	205.85	213.45
46	170.75	178.50	186.25	194.00	201.75	209.55	217.30
47	173.70	181.60	189.50	197.40	205.30	213.20	221.10
48	176.65	184.70	192.75	200.80	208.85	216.90	224.90
49	179.60	187.80	196.00	204.20	212.35	220.55	228.75
50	182.60	190.90	199.25	207.55	215.90	224.20	232.55

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group								10 (\$)
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	
26	123.75	201.20	136.55	137.20	172.45	170.80	227.70	221.20	160.60
27	126.85	206.95	139.85	140.50	177.15	175.45	234.50	227.80	165.00
28	129.90	212.70	143.15	143.85	181.80	180.10	241.30	234.40	169.40
29	133.00	218.45	146.45	147.15	186.50	184.75	248.10	241.05	173.85
30	136.05	224.20	149.75	150.45	191.20	189.40	254.95	247.65	178.25
31	139.15	229.95	153.05	153.80	195.90	194.05	261.75	254.25	182.70
32	142.20	235.70	156.35	157.10	200.60	198.70	268.55	260.90	187.10
33	145.25	241.45	159.65	160.40	205.30	203.35	275.40	267.50	191.55
34	148.35	247.20	162.95	163.75	210.00	208.00	282.20	274.15	195.95
35	151.40	252.95	166.30	167.05	214.70	212.65	289.00	280.75	200.40
36	154.50	258.70	169.60	170.40	219.40	217.30	295.80	287.35	204.80
37	157.55	264.45	172.90	173.70	224.05	221.95	302.65	294.00	209.25
38	160.65	270.20	176.20	177.00	228.75	226.60	309.45	300.60	213.65
39	163.70	275.95	179.50	180.35	233.45	231.25	316.25	307.25	218.10
40	166.80	281.70	182.80	183.65	238.15	235.90	323.10	313.85	222.50
41	169.85	287.45	186.10	187.00	242.85	240.55	329.90	320.45	226.95
42	172.95	293.20	189.40	190.30	247.55	245.20	336.70	327.10	231.35
43	176.00	298.95	192.70	193.60	252.25	249.85	343.50	333.70	235.80
44	179.05	304.70	196.00	196.95	256.95	254.50	350.35	340.35	240.20
45	182.15	310.45	199.30	200.25	261.65	259.15	357.15	346.95	244.65
46	185.20	316.20	202.60	203.55	266.30	263.80	363.95	353.55	249.05
47	188.30	321.95	205.90	206.90	271.00	268.45	370.80	360.20	253.50
48	191.35	327.70	209.25	210.20	275.70	273.10	377.60	366.80	257.90
49	194.45	333.45	212.55	213.55	280.40	277.75	384.40	373.40	262.35
50	197.50	339.20	215.85	216.85	285.10	282.40	391.20	380.05	266.75

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	154.55	198.00	166.75	165.70	137.60	141.75	155.40	<u>160.10</u>	<u>204.10</u>	<u>160.70</u>
27	158.70	203.70	171.35	170.05	141.10	145.35	159.35	<u>164.00</u>	<u>209.90</u>	<u>164.25</u>
28	162.90	209.35	175.95	174.40	144.60	148.95	163.30	<u>167.95</u>	<u>215.75</u>	<u>167.75</u>
29	167.05	215.05	180.60	178.75	148.10	152.55	167.25	<u>172.00</u>	<u>221.55</u>	<u>171.25</u>
30	171.25	220.75	185.20	183.10	151.60	156.15	171.20	<u>175.95</u>	<u>227.40</u>	<u>174.75</u>
31	175.40	226.45	189.80	187.45	155.10	159.75	175.15	<u>179.90</u>	<u>233.25</u>	<u>178.25</u>
32	179.60	232.15	194.40	191.80	158.60	163.35	179.10	<u>183.85</u>	<u>239.05</u>	<u>181.75</u>
33	183.75	237.85	199.05	196.15	162.10	166.95	183.05	<u>187.75</u>	<u>244.90</u>	<u>185.25</u>
34	187.95	243.50	203.65	200.50	165.60	170.55	187.00	<u>191.70</u>	<u>250.75</u>	<u>188.75</u>
35	192.10	249.20	208.25	204.85	169.05	174.15	190.95	<u>195.65</u>	<u>256.55</u>	<u>192.25</u>
36	196.30	254.90	212.90	209.20	172.55	177.75	194.90	<u>199.60</u>	<u>262.40</u>	<u>195.75</u>
37	200.45	260.60	217.50	213.55	176.05	181.35	198.85	<u>203.55</u>	<u>268.20</u>	<u>199.30</u>
38	204.65	266.30	222.10	217.90	179.55	184.95	202.80	<u>207.50</u>	<u>274.05</u>	<u>202.80</u>
39	208.80	271.95	226.70	222.25	183.05	188.55	206.75	<u>211.45</u>	<u>279.90</u>	<u>206.30</u>
40	213.00	277.65	231.35	226.60	186.55	192.15	210.70	<u>215.35</u>	<u>285.70</u>	<u>209.80</u>
41	217.15	283.35	235.95	230.95	190.05	195.75	214.65	<u>219.30</u>	<u>291.55</u>	<u>213.30</u>
42	221.35	289.05	240.55	235.30	193.55	199.35	218.60	<u>223.25</u>	<u>297.35</u>	<u>216.80</u>
43	225.50	294.75	245.15	239.65	197.05	202.95	222.55	<u>227.20</u>	<u>303.20</u>	<u>220.30</u>
44	229.65	300.45	249.80	244.00	200.55	206.55	226.50	<u>231.15</u>	<u>309.05</u>	<u>223.80</u>
45	233.85	306.10	254.40	248.35	204.00	210.15	230.45	<u>235.10</u>	-	<u>227.30</u>
46	238.00	311.80	259.00	252.70	207.50	213.75	234.40	<u>239.15</u>	-	<u>230.80</u>
47	242.20	317.50	263.60	257.05	211.00	217.35	238.35	<u>243.10</u>	-	<u>234.35</u>
48	246.35	323.20	268.25	261.40	214.50	220.95	242.30	<u>247.05</u>	-	<u>237.85</u>
49	250.55	328.90	272.85	265.75	218.00	224.55	246.25	<u>251.00</u>	-	<u>241.35</u>
50	254.70	334.55	277.45	270.10	221.50	228.15	250.20	<u>254.95</u>	-	<u>244.85</u>

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
51	185.55	194.00	202.50	210.95	219.45	227.90	236.35
52	188.50	197.10	205.75	214.35	222.95	231.55	240.20
53	191.45	200.20	208.95	217.75	226.50	235.25	244.00
54	194.40	203.30	212.20	221.10	230.00	238.90	247.80
55	197.35	206.40	215.45	224.50	233.55	242.60	251.65
56	200.35	209.50	218.70	227.90	237.10	246.25	255.45
57	203.30	212.60	221.95	231.30	240.60	249.95	259.25
58	206.25	215.70	225.20	234.65	244.15	253.60	263.10
59	209.20	218.80	228.45	238.05	247.65	257.30	266.90
60	212.15	221.90	231.70	241.45	251.20	260.95	270.70
61	215.10	225.05	234.95	244.85	254.75	264.65	274.55
62	218.10	228.15	238.15	248.20	258.25	268.30	278.35
63	221.05	231.25	241.40	251.60	261.80	272.00	282.15
64	224.00	234.35	244.65	255.00	265.30	275.65	286.00
65	226.95	237.45	247.90	258.40	268.85	279.35	289.80
66	229.90	240.55	251.15	261.75	272.40	283.00	295.55
67	-	-	-	-	-	-	-
68	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
51	200.60	344.90	219.15	220.15	289.80	287.05	398.05	386.65	271.15
52	203.65	350.65	222.45	223.50	294.50	291.70	404.85	393.30	275.60
53	206.75	356.40	225.75	226.80	299.20	296.35	411.65	399.90	280.00
54	209.80	362.15	229.05	230.15	303.85	301.00	418.50	406.50	284.45
55	212.85	367.90	232.35	233.45	308.55	305.65	425.30	413.15	288.85
56	215.95	373.65	235.65	236.75	313.25	310.30	432.10	419.75	293.30
57	219.00	379.40	238.95	240.10	317.95	314.95	438.90	426.40	297.70
58	222.10	385.15	242.25	243.40	322.65	319.60	445.75	433.00	302.15
59	225.15	390.90	245.55	246.75	327.35	324.25	452.55	439.60	306.55
60	228.25	396.65	248.85	250.05	332.05	328.90	459.35	446.25	311.00
61	231.30	402.40	252.15	253.35	336.75	333.55	466.15	452.85	315.40
62	234.40	408.15	255.50	256.70	341.45	338.20	473.00	459.45	319.85
63	237.45	413.90	258.80	260.00	346.10	342.85	479.80	466.10	324.25
64	240.55	419.65	262.10	263.30	350.80	347.50	486.60	472.70	328.70
65	243.60	425.40	265.40	266.65	355.50	352.15	493.45	479.35	333.10
66	246.65	431.15	268.70	269.95	360.20	356.80	500.25	485.95	337.55
67	249.75	436.90	272.00	273.30	364.90	361.45	507.05	492.55	341.95
68	252.80	442.65	275.30	276.60	369.60	366.10	513.85	499.20	346.40
69	255.90	448.40	278.60	279.90	374.30	370.75	520.70	505.80	350.80
70	258.95	454.15	281.90	283.25	379.00	375.40	527.50	512.45	355.25

Priority Mail International Parcels Retail Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	258.90	340.25	282.10	274.45	225.00	231.75	254.15	<u>258.90</u>	-	<u>248.35</u>
52	263.05	345.95	286.70	278.80	228.50	235.35	258.10	<u>262.80</u>	-	<u>251.85</u>
53	267.25	351.65	291.30	283.15	232.00	238.95	262.05	<u>266.75</u>	-	<u>255.35</u>
54	271.40	357.35	295.90	287.55	235.45	242.55	266.00	<u>270.70</u>	-	<u>258.85</u>
55	275.60	363.00	300.55	291.90	238.95	246.15	269.95	<u>274.65</u>	-	<u>262.35</u>
56	279.75	368.70	305.15	296.25	242.45	249.75	273.90	<u>278.60</u>	-	<u>265.85</u>
57	283.95	374.40	309.75	300.60	245.95	253.35	277.85	<u>282.55</u>	-	<u>269.40</u>
58	288.10	380.10	314.35	304.95	249.45	256.95	281.80	<u>286.45</u>	-	<u>272.90</u>
59	292.30	385.80	319.00	309.30	252.95	260.55	285.75	<u>290.40</u>	-	<u>276.40</u>
60	296.45	391.50	323.60	313.65	256.45	264.15	289.70	<u>294.35</u>	-	<u>279.90</u>
61	300.60	397.15	328.20	318.00	259.95	267.75	293.65	<u>298.30</u>	-	<u>283.40</u>
62	304.80	402.85	332.80	322.35	263.45	271.35	297.60	<u>302.35</u>	-	<u>286.90</u>
63	308.95	408.55	337.45	326.70	266.95	274.95	301.55	<u>306.30</u>	-	<u>290.40</u>
64	313.15	414.25	342.05	331.05	270.40	278.55	305.50	<u>310.25</u>	-	<u>293.90</u>
65	317.30	419.95	346.65	335.40	273.90	282.15	309.45	<u>314.15</u>	-	<u>297.40</u>
66	321.50	425.60	351.25	339.75	277.40	285.75	313.40	<u>318.10</u>	-	<u>300.90</u>
67	325.65	-	-	-	-	289.35	-	-	-	-
68	329.85	-	-	-	-	292.95	-	-	-	-
69	334.00	-	-	-	-	296.55	-	-	-	-
70	338.20	-	-	-	-	300.15	-	-	-	-

Notes

1. The applicable Origin Zone for pieces destined to Canada is based on the applicable zone from the origin point to the serving International Service Center (ISC). In future releases, distance to and within Canada could be considered for application of the appropriate Origin Zone group.

Priority Mail International Parcels Commercial Base Prices

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
1	35.72	37.00	38.24	39.52	40.76	41.99	43.27
2	38.57	39.95	41.33	42.70	44.13	45.51	46.88
3	41.37	42.89	44.41	45.93	47.45	48.97	50.49
4	44.18	45.84	47.50	49.16	50.83	52.49	54.15
5	46.98	48.78	50.59	52.39	54.15	55.96	57.76
6	49.78	51.73	53.68	55.58	57.52	59.47	61.37
7	52.58	54.67	56.76	58.81	60.90	62.94	65.03
8	55.43	57.62	59.80	62.04	64.22	66.45	68.64
9	58.24	60.56	62.89	65.27	67.59	69.92	72.25
10	61.04	63.51	65.98	68.45	70.97	73.44	75.91
11	63.84	66.45	69.07	71.68	74.29	76.90	79.52
12	66.64	69.40	72.15	74.91	77.66	80.42	83.13
13	69.45	72.34	75.24	78.14	80.99	83.89	86.78
14	72.30	75.29	78.33	81.32	84.36	87.40	90.39
15	75.10	78.23	81.42	84.55	87.73	90.87	94.00
16	77.90	81.18	84.50	87.78	91.06	94.34	97.66
17	80.70	84.12	87.54	91.01	94.43	97.85	101.27
18	83.51	87.07	90.63	94.19	97.76	101.32	104.88
19	86.31	90.01	93.72	97.42	101.13	104.83	108.54
20	89.16	92.96	96.81	100.65	104.50	108.30	112.15
21	91.96	95.90	99.89	103.88	107.83	111.82	115.76
22	94.76	98.85	102.98	107.07	111.20	115.28	119.42
23	97.57	101.79	106.07	110.30	114.52	118.80	123.03
24	100.37	104.74	109.16	113.53	117.90	122.27	126.64
25	103.17	107.73	112.24	116.76	121.27	125.78	130.29

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
1	44.60	54.63	51.25	51.49	52.30	51.82	54.48	52.92	47.50
2	47.50	60.09	54.39	54.67	56.76	56.24	60.94	59.19	51.68
3	50.45	65.55	57.52	57.81	61.23	60.66	67.40	65.50	55.91
4	53.34	71.01	60.66	60.94	65.69	65.08	73.86	71.77	60.09
5	56.29	76.48	63.79	64.13	70.16	69.49	80.37	78.04	64.27
6	59.19	81.94	66.93	67.26	74.62	73.91	86.83	84.36	68.50
7	62.13	87.40	70.11	70.40	79.09	78.33	93.29	90.63	72.68
8	65.03	92.86	73.25	73.58	83.55	82.75	99.80	96.95	76.90
9	67.97	98.33	76.38	76.71	88.02	87.16	106.26	103.22	81.08
10	70.87	103.79	79.52	79.90	92.44	91.58	112.72	109.49	85.31
11	73.77	109.25	82.65	83.03	96.90	96.00	119.18	115.81	89.49
12	76.71	114.67	85.79	86.17	101.37	100.42	125.69	122.08	93.72
13	79.61	120.13	88.92	89.35	105.83	104.83	132.15	128.35	97.90
14	82.56	125.59	92.06	92.48	110.30	109.25	138.61	134.66	102.13
15	85.45	131.05	95.19	95.67	114.76	113.67	145.11	140.93	106.31
16	88.40	136.52	98.33	98.80	119.23	118.09	151.57	147.25	110.53
17	91.30	141.98	101.46	101.94	123.69	122.50	158.03	153.52	114.71
18	94.24	147.44	104.60	105.12	128.16	126.92	164.49	159.79	118.94
19	97.14	152.90	107.73	108.25	132.57	131.34	171.00	166.11	123.12
20	100.08	158.37	110.87	111.39	137.04	135.76	177.46	172.38	127.35
21	102.98	163.83	114.05	114.57	141.50	140.17	183.92	178.70	131.53
22	105.88	169.29	117.18	117.71	145.97	144.59	190.43	184.97	135.76
23	108.82	174.75	120.32	120.89	150.43	149.01	196.89	191.24	139.94
24	111.72	180.22	123.45	124.02	154.90	153.43	203.35	197.55	144.16
25	114.67	185.68	126.59	127.16	159.36	157.84	209.81	203.82	148.34

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
1	47.69	52.92	48.83	54.06	47.74	50.73	53.82	<u>49.45</u>	<u>55.39</u>	<u>54.86</u>
2	51.68	58.33	53.25	58.24	51.30	52.82	57.57	<u>55.39</u>	<u>60.94</u>	<u>60.71</u>
3	55.62	63.75	57.62	62.37	54.86	56.48	61.32	<u>59.47</u>	<u>66.45</u>	<u>64.65</u>
4	59.61	69.16	61.99	66.50	58.43	60.18	65.08	<u>63.65</u>	<u>72.01</u>	<u>68.59</u>
5	63.56	74.58	66.36	70.63	61.99	63.84	68.83	<u>67.83</u>	<u>77.57</u>	<u>73.72</u>
6	67.55	79.99	70.78	74.77	65.50	67.50	72.58	<u>72.06</u>	<u>83.08</u>	<u>77.66</u>
7	71.49	85.36	75.15	78.90	69.07	71.16	76.33	<u>76.33</u>	<u>88.64</u>	<u>81.56</u>
8	75.48	90.77	79.52	83.03	72.63	74.81	80.09	<u>80.66</u>	<u>94.15</u>	<u>85.50</u>
9	79.42	96.19	83.89	87.16	76.19	78.47	83.84	<u>85.03</u>	<u>99.70</u>	<u>89.44</u>
10	83.41	101.60	88.30	91.30	79.75	82.13	87.59	<u>89.40</u>	<u>105.26</u>	<u>93.39</u>
11	87.35	107.02	92.67	95.43	81.99	84.46	91.34	<u>92.39</u>	<u>110.77</u>	<u>97.33</u>
12	91.30	112.39	97.04	99.56	84.27	86.78	95.10	<u>95.38</u>	<u>116.33</u>	<u>101.27</u>
13	95.29	117.80	101.41	103.69	87.59	90.20	98.85	<u>99.61</u>	<u>121.89</u>	<u>105.21</u>
14	99.23	123.22	105.83	107.83	90.92	93.62	102.60	<u>103.88</u>	<u>127.40</u>	<u>109.16</u>
15	103.22	128.63	110.20	111.96	94.24	97.04	106.35	<u>108.21</u>	<u>132.95</u>	<u>113.05</u>
16	107.16	134.05	114.57	116.09	97.52	100.46	110.11	<u>112.53</u>	<u>138.46</u>	<u>116.99</u>
17	111.15	139.41	118.99	120.22	100.84	103.88	113.86	<u>116.95</u>	<u>144.02</u>	<u>120.94</u>
18	115.09	144.83	123.36	124.36	104.17	107.30	117.61	<u>121.36</u>	<u>149.58</u>	<u>124.88</u>
19	119.08	150.24	127.73	128.49	107.49	110.72	121.36	<u>125.83</u>	<u>155.09</u>	<u>128.82</u>
20	123.03	155.66	132.10	132.62	110.82	114.14	125.12	<u>129.63</u>	<u>160.65</u>	<u>132.76</u>
21	127.02	161.07	136.52	136.75	114.14	117.56	128.87	<u>133.29</u>	<u>166.20</u>	<u>136.71</u>
22	130.96	166.49	140.89	140.89	117.47	120.98	132.62	<u>137.09</u>	<u>171.71</u>	<u>140.65</u>
23	134.95	171.86	145.26	145.02	120.79	124.40	136.37	<u>140.84</u>	<u>177.27</u>	<u>144.54</u>
24	138.89	177.27	149.63	149.15	124.12	127.82	140.13	<u>144.59</u>	<u>182.78</u>	<u>148.49</u>
25	142.88	182.69	154.04	153.28	127.40	131.24	143.88	<u>148.34</u>	<u>188.34</u>	<u>150.58</u>

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
26	106.02	110.68	115.28	119.94	124.59	129.25	133.90
27	108.82	113.62	118.37	123.17	127.97	132.76	137.51
28	111.63	116.57	121.46	126.40	131.29	136.23	141.17
29	114.43	119.51	124.55	129.63	134.66	139.75	144.78
30	117.23	122.46	127.63	132.81	138.04	143.21	148.39
31	120.03	125.40	130.72	136.04	141.36	146.73	152.05
32	122.88	128.35	133.81	139.27	144.73	150.20	155.66
33	125.69	131.29	136.90	142.50	148.11	153.66	159.27
34	128.49	134.24	139.98	145.68	151.43	157.18	162.93
35	131.29	137.18	143.02	148.91	154.80	160.65	166.54
36	134.09	140.13	146.11	152.14	158.13	164.16	170.15
37	136.90	143.07	149.20	155.37	161.50	167.63	173.80
38	139.75	146.02	152.29	158.56	164.87	171.14	177.41
39	142.55	148.96	155.37	161.79	168.20	174.61	181.02
40	145.35	151.91	158.46	165.02	171.57	178.13	184.68
41	148.15	154.85	161.55	168.25	174.90	181.59	188.29
42	150.96	157.80	164.64	171.43	178.27	185.11	191.90
43	153.76	160.74	167.72	174.66	181.64	188.58	195.56
44	156.61	163.69	170.76	177.89	184.97	192.09	199.17
45	159.41	166.63	173.85	181.12	188.34	195.56	202.78
46	162.21	169.58	176.94	184.30	191.66	199.07	206.44
47	165.02	172.52	180.03	187.53	195.04	202.54	210.05
48	167.82	175.47	183.11	190.76	198.41	206.06	213.66
49	170.62	178.41	186.20	193.99	201.73	209.52	217.31
50	173.47	181.36	189.29	197.17	205.11	212.99	220.92

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
26	117.56	191.14	129.72	130.34	163.83	162.26	216.32	210.14	152.57
27	120.51	196.60	132.86	133.48	168.29	166.68	222.78	216.41	156.75
28	123.41	202.07	135.99	136.66	172.71	171.10	229.24	222.68	160.93
29	126.35	207.53	139.13	139.79	177.18	175.51	235.70	229.00	165.16
30	129.25	212.99	142.26	142.93	181.64	179.93	242.20	235.27	169.34
31	132.19	218.45	145.40	146.11	186.11	184.35	248.66	241.54	173.57
32	135.09	223.92	148.53	149.25	190.57	188.77	255.12	247.86	177.75
33	137.99	229.38	151.67	152.38	195.04	193.18	261.63	254.13	181.97
34	140.93	234.84	154.80	155.56	199.50	197.60	268.09	260.44	186.15
35	143.83	240.30	157.99	158.70	203.97	202.02	274.55	266.71	190.38
36	146.78	245.77	161.12	161.88	208.43	206.44	281.01	272.98	194.56
37	149.67	251.23	164.26	165.02	212.85	210.85	287.52	279.30	198.79
38	152.62	256.69	167.39	168.15	217.31	215.27	293.98	285.57	202.97
39	155.52	262.15	170.53	171.33	221.78	219.69	300.44	291.89	207.20
40	158.46	267.62	173.66	174.47	226.24	224.11	306.95	298.16	211.38
41	161.36	273.08	176.80	177.65	230.71	228.52	313.41	304.43	215.60
42	164.30	278.54	179.93	180.79	235.17	232.94	319.87	310.75	219.78
43	167.20	284.00	183.07	183.92	239.64	237.36	326.33	317.02	224.01
44	170.10	289.47	186.20	187.10	244.10	241.78	332.83	323.33	228.19
45	173.04	294.93	189.34	190.24	248.57	246.19	339.29	329.60	232.42
46	175.94	300.39	192.47	193.37	252.99	250.61	345.75	335.87	236.60
47	178.89	305.85	195.61	196.56	257.45	255.03	352.26	342.19	240.83
48	181.78	311.32	198.79	199.69	261.92	259.45	358.72	348.46	245.01
49	184.73	316.78	201.92	202.87	266.38	263.86	365.18	354.73	249.23
50	187.63	322.24	205.06	206.01	270.85	268.28	371.64	361.05	253.41

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	146.82	188.10	158.41	157.42	130.72	134.66	147.63	<u>152.10</u>	<u>193.90</u>	<u>152.67</u>
27	150.77	193.52	162.78	161.55	134.05	138.08	151.38	<u>155.80</u>	<u>199.41</u>	<u>156.04</u>
28	154.76	198.88	167.15	165.68	137.37	141.50	155.14	<u>159.55</u>	<u>204.96</u>	<u>159.36</u>
29	158.70	204.30	171.57	169.81	140.70	144.92	158.89	<u>163.40</u>	<u>210.47</u>	<u>162.69</u>
30	162.69	209.71	175.94	173.95	144.02	148.34	162.64	<u>167.15</u>	<u>216.03</u>	<u>166.01</u>
31	166.63	215.13	180.31	178.08	147.35	151.76	166.39	<u>170.91</u>	<u>221.59</u>	<u>169.34</u>
32	170.62	220.54	184.68	182.21	150.67	155.18	170.15	<u>174.66</u>	<u>227.10</u>	<u>172.66</u>
33	174.56	225.96	189.10	186.34	154.00	158.60	173.90	<u>178.36</u>	<u>232.66</u>	<u>175.99</u>
34	178.55	231.33	193.47	190.48	157.32	162.02	177.65	<u>182.12</u>	<u>238.21</u>	<u>179.31</u>
35	182.50	236.74	197.84	194.61	160.60	165.44	181.40	<u>185.87</u>	<u>243.72</u>	<u>182.64</u>
36	186.49	242.16	202.26	198.74	163.92	168.86	185.16	<u>189.62</u>	<u>249.28</u>	<u>185.96</u>
37	190.43	247.57	206.63	202.87	167.25	172.28	188.91	<u>193.37</u>	<u>254.79</u>	<u>189.34</u>
38	194.42	252.99	211.00	207.01	170.57	175.70	192.66	<u>197.13</u>	<u>260.35</u>	<u>192.66</u>
39	198.36	258.35	215.37	211.14	173.90	179.12	196.41	<u>200.88</u>	<u>265.91</u>	<u>195.99</u>
40	202.35	263.77	219.78	215.27	177.22	182.54	200.17	<u>204.58</u>	<u>271.42</u>	<u>199.31</u>
41	206.29	269.18	224.15	219.40	180.55	185.96	203.92	<u>208.34</u>	<u>276.97</u>	<u>202.64</u>
42	210.28	274.60	228.52	223.54	183.87	189.38	207.67	<u>212.09</u>	<u>282.48</u>	<u>205.96</u>
43	214.23	280.01	232.89	227.67	187.20	192.80	211.42	<u>215.84</u>	<u>288.04</u>	<u>209.29</u>
44	218.17	285.43	237.31	231.80	190.52	196.22	215.18	<u>219.59</u>	<u>293.60</u>	<u>212.61</u>
45	222.16	290.80	241.68	235.93	193.80	199.64	218.93	<u>223.35</u>	-	<u>215.94</u>
46	226.10	296.21	246.05	240.07	197.13	203.06	222.68	<u>227.19</u>	-	<u>219.26</u>
47	230.09	301.63	250.42	244.20	200.45	206.48	226.43	<u>230.95</u>	-	<u>222.63</u>
48	234.03	307.04	254.84	248.33	203.78	209.90	230.19	<u>234.70</u>	-	<u>225.96</u>
49	238.02	312.46	259.21	252.46	207.10	213.32	233.94	<u>238.45</u>	-	<u>229.28</u>
50	241.97	317.82	263.58	256.60	210.43	216.74	237.69	<u>242.20</u>	-	<u>232.61</u>

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
51	176.27	184.30	192.38	200.40	208.48	216.51	224.53
52	179.08	187.25	195.46	203.63	211.80	219.97	228.19
53	181.88	190.19	198.50	206.86	215.18	223.49	231.80
54	184.68	193.14	201.59	210.05	218.50	226.96	235.41
55	187.48	196.08	204.68	213.28	221.87	230.47	239.07
56	190.33	199.03	207.77	216.51	225.25	233.94	242.68
57	193.14	201.97	210.85	219.74	228.57	237.45	246.29
58	195.94	204.92	213.94	222.92	231.94	240.92	249.95
59	198.74	207.86	217.03	226.15	235.27	244.44	253.56
60	201.54	210.81	220.12	229.38	238.64	247.90	257.17
61	204.35	213.80	223.20	232.61	242.01	251.42	260.82
62	207.20	216.74	226.24	235.79	245.34	254.89	264.43
63	210.00	219.69	229.33	239.02	248.71	258.40	268.04
64	212.80	222.63	232.42	242.25	252.04	261.87	271.70
65	215.60	225.58	235.51	245.48	255.41	265.38	275.31
66	218.41	228.52	238.59	248.66	258.78	268.85	280.77
67	-	-	-	-	-	-	-
68	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group								10 (\$)
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	
51	190.57	327.66	208.19	209.14	275.31	272.70	378.15	367.32	257.59
52	193.47	333.12	211.33	212.33	279.78	277.12	384.61	373.64	261.82
53	196.41	338.58	214.46	215.46	284.24	281.53	391.07	379.91	266.00
54	199.31	344.04	217.60	218.64	288.66	285.95	397.58	386.18	270.23
55	202.21	349.51	220.73	221.78	293.12	290.37	404.04	392.49	274.41
56	205.15	354.97	223.87	224.91	297.59	294.79	410.50	398.76	278.64
57	208.05	360.43	227.00	228.10	302.05	299.20	416.96	405.08	282.82
58	211.00	365.89	230.14	231.23	306.52	303.62	423.46	411.35	287.04
59	213.89	371.36	233.27	234.41	310.98	308.04	429.92	417.62	291.22
60	216.84	376.82	236.41	237.55	315.45	312.46	436.38	423.94	295.45
61	219.74	382.28	239.54	240.68	319.91	316.87	442.84	430.21	299.63
62	222.68	387.74	242.73	243.87	324.38	321.29	449.35	436.48	303.86
63	225.58	393.21	245.86	247.00	328.80	325.71	455.81	442.80	308.04
64	228.52	398.67	249.00	250.14	333.26	330.13	462.27	449.07	312.27
65	231.42	404.13	252.13	253.32	337.73	334.54	468.78	455.38	316.45
66	234.32	409.59	255.27	256.45	342.19	338.96	475.24	461.65	320.67
67	237.26	415.06	258.40	259.64	346.66	343.38	481.70	467.92	324.85
68	240.16	420.52	261.54	262.77	351.12	347.80	488.16	474.24	329.08
69	243.11	425.98	264.67	265.91	355.59	352.21	494.67	480.51	333.26
70	246.00	431.44	267.81	269.09	360.05	356.63	501.13	486.83	337.49

Priority Mail International Parcels Commercial Base Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	245.96	323.24	268.00	260.73	213.75	220.16	241.44	<u>245.96</u>	-	<u>235.93</u>
52	249.90	328.65	272.37	264.86	217.08	223.58	245.20	<u>249.66</u>	-	<u>239.26</u>
53	253.89	334.07	276.74	268.99	220.40	227.00	248.95	<u>253.41</u>	-	<u>242.58</u>
54	257.83	339.48	281.11	273.17	223.68	230.42	252.70	<u>257.17</u>	-	<u>245.91</u>
55	261.82	344.85	285.52	277.31	227.00	233.84	256.45	<u>260.92</u>	-	<u>249.23</u>
56	265.76	350.27	289.89	281.44	230.33	237.26	260.21	<u>264.67</u>	-	<u>252.56</u>
57	269.75	355.68	294.26	285.57	233.65	240.68	263.96	<u>268.42</u>	-	<u>255.93</u>
58	273.70	361.10	298.63	289.70	236.98	244.10	267.71	<u>272.13</u>	-	<u>259.26</u>
59	277.69	366.51	303.05	293.84	240.30	247.52	271.46	<u>275.88</u>	-	<u>262.58</u>
60	281.63	371.93	307.42	297.97	243.63	250.94	275.22	<u>279.63</u>	-	<u>265.91</u>
61	285.57	377.29	311.79	302.10	246.95	254.36	278.97	<u>283.39</u>	-	<u>269.23</u>
62	289.56	382.71	316.16	306.23	250.28	257.78	282.72	<u>287.23</u>	-	<u>272.56</u>
63	293.50	388.12	320.58	310.37	253.60	261.20	286.47	<u>290.99</u>	-	<u>275.88</u>
64	297.49	393.54	324.95	314.50	256.88	264.62	290.23	<u>294.74</u>	-	<u>279.21</u>
65	301.44	398.95	329.32	318.63	260.21	268.04	293.98	<u>298.44</u>	-	<u>282.53</u>
66	305.43	404.32	333.69	322.76	263.53	271.46	297.73	<u>302.20</u>	-	<u>285.86</u>
67	309.37	-	-	-	-	274.88	-	-	-	-
68	313.36	-	-	-	-	278.30	-	-	-	-
69	317.30	-	-	-	-	281.72	-	-	-	-
70	321.29	-	-	-	-	285.14	-	-	-	-

Notes

1. The applicable Origin Zone for pieces destined to Canada is based on the applicable zone from the origin point to the serving International Service Center (ISC). In future releases, distance to and within Canada could be considered for application of the appropriate Origin Zone group.

Priority Mail International Parcels Commercial Plus Prices

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
1	35.72	37.00	38.24	39.52	40.76	41.99	43.27
2	38.57	39.95	41.33	42.70	44.13	45.51	46.88
3	41.37	42.89	44.41	45.93	47.45	48.97	50.49
4	44.18	45.84	47.50	49.16	50.83	52.49	54.15
5	46.98	48.78	50.59	52.39	54.15	55.96	57.76
6	49.78	51.73	53.68	55.58	57.52	59.47	61.37
7	52.58	54.67	56.76	58.81	60.90	62.94	65.03
8	55.43	57.62	59.80	62.04	64.22	66.45	68.64
9	58.24	60.56	62.89	65.27	67.59	69.92	72.25
10	61.04	63.51	65.98	68.45	70.97	73.44	75.91
11	63.84	66.45	69.07	71.68	74.29	76.90	79.52
12	66.64	69.40	72.15	74.91	77.66	80.42	83.13
13	69.45	72.34	75.24	78.14	80.99	83.89	86.78
14	72.30	75.29	78.33	81.32	84.36	87.40	90.39
15	75.10	78.23	81.42	84.55	87.73	90.87	94.00
16	77.90	81.18	84.50	87.78	91.06	94.34	97.66
17	80.70	84.12	87.54	91.01	94.43	97.85	101.27
18	83.51	87.07	90.63	94.19	97.76	101.32	104.88
19	86.31	90.01	93.72	97.42	101.13	104.83	108.54
20	89.16	92.96	96.81	100.65	104.50	108.30	112.15
21	91.96	95.90	99.89	103.88	107.83	111.82	115.76
22	94.76	98.85	102.98	107.07	111.20	115.28	119.42
23	97.57	101.79	106.07	110.30	114.52	118.80	123.03
24	100.37	104.74	109.16	113.53	117.90	122.27	126.64
25	103.17	107.73	112.24	116.76	121.27	125.78	130.29

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group								10 (\$)
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	
1	44.60	54.63	51.25	51.49	52.30	51.82	54.48	52.92	47.50
2	47.50	60.09	54.39	54.67	56.76	56.24	60.94	59.19	51.68
3	50.45	65.55	57.52	57.81	61.23	60.66	67.40	65.50	55.91
4	53.34	71.01	60.66	60.94	65.69	65.08	73.86	71.77	60.09
5	56.29	76.48	63.79	64.13	70.16	69.49	80.37	78.04	64.27
6	59.19	81.94	66.93	67.26	74.62	73.91	86.83	84.36	68.50
7	62.13	87.40	70.11	70.40	79.09	78.33	93.29	90.63	72.68
8	65.03	92.86	73.25	73.58	83.55	82.75	99.80	96.95	76.90
9	67.97	98.33	76.38	76.71	88.02	87.16	106.26	103.22	81.08
10	70.87	103.79	79.52	79.90	92.44	91.58	112.72	109.49	85.31
11	73.77	109.25	82.65	83.03	96.90	96.00	119.18	115.81	89.49
12	76.71	114.67	85.79	86.17	101.37	100.42	125.69	122.08	93.72
13	79.61	120.13	88.92	89.35	105.83	104.83	132.15	128.35	97.90
14	82.56	125.59	92.06	92.48	110.30	109.25	138.61	134.66	102.13
15	85.45	131.05	95.19	95.67	114.76	113.67	145.11	140.93	106.31
16	88.40	136.52	98.33	98.80	119.23	118.09	151.57	147.25	110.53
17	91.30	141.98	101.46	101.94	123.69	122.50	158.03	153.52	114.71
18	94.24	147.44	104.60	105.12	128.16	126.92	164.49	159.79	118.94
19	97.14	152.90	107.73	108.25	132.57	131.34	171.00	166.11	123.12
20	100.08	158.37	110.87	111.39	137.04	135.76	177.46	172.38	127.35
21	102.98	163.83	114.05	114.57	141.50	140.17	183.92	178.70	131.53
22	105.88	169.29	117.18	117.71	145.97	144.59	190.43	184.97	135.76
23	108.82	174.75	120.32	120.89	150.43	149.01	196.89	191.24	139.94
24	111.72	180.22	123.45	124.02	154.90	153.43	203.35	197.55	144.16
25	114.67	185.68	126.59	127.16	159.36	157.84	209.81	203.82	148.34

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
1	47.69	52.92	48.83	54.06	47.74	50.73	53.82	<u>49.45</u>	<u>55.39</u>	<u>54.86</u>
2	51.68	58.33	53.25	58.24	51.30	52.82	57.57	<u>55.39</u>	<u>60.94</u>	<u>60.71</u>
3	55.62	63.75	57.62	62.37	54.86	56.48	61.32	<u>59.47</u>	<u>66.45</u>	<u>64.65</u>
4	59.61	69.16	61.99	66.50	58.43	60.18	65.08	<u>63.65</u>	<u>72.01</u>	<u>68.59</u>
5	63.56	74.58	66.36	70.63	61.99	63.84	68.83	<u>67.83</u>	<u>77.57</u>	<u>73.72</u>
6	67.55	79.99	70.78	74.77	65.50	67.50	72.58	<u>72.06</u>	<u>83.08</u>	<u>77.66</u>
7	71.49	85.36	75.15	78.90	69.07	71.16	76.33	<u>76.33</u>	<u>88.64</u>	<u>81.56</u>
8	75.48	90.77	79.52	83.03	72.63	74.81	80.09	<u>80.66</u>	<u>94.15</u>	<u>85.50</u>
9	79.42	96.19	83.89	87.16	76.19	78.47	83.84	<u>85.03</u>	<u>99.70</u>	<u>89.44</u>
10	83.41	101.60	88.30	91.30	79.75	82.13	87.59	<u>89.40</u>	<u>105.26</u>	<u>93.39</u>
11	87.35	107.02	92.67	95.43	81.99	84.46	91.34	<u>92.39</u>	<u>110.77</u>	<u>97.33</u>
12	91.30	112.39	97.04	99.56	84.27	86.78	95.10	<u>95.38</u>	<u>116.33</u>	<u>101.27</u>
13	95.29	117.80	101.41	103.69	87.59	90.20	98.85	<u>99.61</u>	<u>121.89</u>	<u>105.21</u>
14	99.23	123.22	105.83	107.83	90.92	93.62	102.60	<u>103.88</u>	<u>127.40</u>	<u>109.16</u>
15	103.22	128.63	110.20	111.96	94.24	97.04	106.35	<u>108.21</u>	<u>132.95</u>	<u>113.05</u>
16	107.16	134.05	114.57	116.09	97.52	100.46	110.11	<u>112.53</u>	<u>138.46</u>	<u>116.99</u>
17	111.15	139.41	118.99	120.22	100.84	103.88	113.86	<u>116.95</u>	<u>144.02</u>	<u>120.94</u>
18	115.09	144.83	123.36	124.36	104.17	107.30	117.61	<u>121.36</u>	<u>149.58</u>	<u>124.88</u>
19	119.08	150.24	127.73	128.49	107.49	110.72	121.36	<u>125.83</u>	<u>155.09</u>	<u>128.82</u>
20	123.03	155.66	132.10	132.62	110.82	114.14	125.12	<u>129.63</u>	<u>160.65</u>	<u>132.76</u>
21	127.02	161.07	136.52	136.75	114.14	117.56	128.87	<u>133.29</u>	<u>166.20</u>	<u>136.71</u>
22	130.96	166.49	140.89	140.89	117.47	120.98	132.62	<u>137.09</u>	<u>171.71</u>	<u>140.65</u>
23	134.95	171.86	145.26	145.02	120.79	124.40	136.37	<u>140.84</u>	<u>177.27</u>	<u>144.54</u>
24	138.89	177.27	149.63	149.15	124.12	127.82	140.13	<u>144.59</u>	<u>182.78</u>	<u>148.49</u>
25	142.88	182.69	154.04	153.28	127.40	131.24	143.88	<u>148.34</u>	<u>188.34</u>	<u>150.58</u>

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
26	106.02	110.68	115.28	119.94	124.59	129.25	133.90
27	108.82	113.62	118.37	123.17	127.97	132.76	137.51
28	111.63	116.57	121.46	126.40	131.29	136.23	141.17
29	114.43	119.51	124.55	129.63	134.66	139.75	144.78
30	117.23	122.46	127.63	132.81	138.04	143.21	148.39
31	120.03	125.40	130.72	136.04	141.36	146.73	152.05
32	122.88	128.35	133.81	139.27	144.73	150.20	155.66
33	125.69	131.29	136.90	142.50	148.11	153.66	159.27
34	128.49	134.24	139.98	145.68	151.43	157.18	162.93
35	131.29	137.18	143.02	148.91	154.80	160.65	166.54
36	134.09	140.13	146.11	152.14	158.13	164.16	170.15
37	136.90	143.07	149.20	155.37	161.50	167.63	173.80
38	139.75	146.02	152.29	158.56	164.87	171.14	177.41
39	142.55	148.96	155.37	161.79	168.20	174.61	181.02
40	145.35	151.91	158.46	165.02	171.57	178.13	184.68
41	148.15	154.85	161.55	168.25	174.90	181.59	188.29
42	150.96	157.80	164.64	171.43	178.27	185.11	191.90
43	153.76	160.74	167.72	174.66	181.64	188.58	195.56
44	156.61	163.69	170.76	177.89	184.97	192.09	199.17
45	159.41	166.63	173.85	181.12	188.34	195.56	202.78
46	162.21	169.58	176.94	184.30	191.66	199.07	206.44
47	165.02	172.52	180.03	187.53	195.04	202.54	210.05
48	167.82	175.47	183.11	190.76	198.41	206.06	213.66
49	170.62	178.41	186.20	193.99	201.73	209.52	217.31
50	173.47	181.36	189.29	197.17	205.11	212.99	220.92

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
26	117.56	191.14	129.72	130.34	163.83	162.26	216.32	210.14	152.57
27	120.51	196.60	132.86	133.48	168.29	166.68	222.78	216.41	156.75
28	123.41	202.07	135.99	136.66	172.71	171.10	229.24	222.68	160.93
29	126.35	207.53	139.13	139.79	177.18	175.51	235.70	229.00	165.16
30	129.25	212.99	142.26	142.93	181.64	179.93	242.20	235.27	169.34
31	132.19	218.45	145.40	146.11	186.11	184.35	248.66	241.54	173.57
32	135.09	223.92	148.53	149.25	190.57	188.77	255.12	247.86	177.75
33	137.99	229.38	151.67	152.38	195.04	193.18	261.63	254.13	181.97
34	140.93	234.84	154.80	155.56	199.50	197.60	268.09	260.44	186.15
35	143.83	240.30	157.99	158.70	203.97	202.02	274.55	266.71	190.38
36	146.78	245.77	161.12	161.88	208.43	206.44	281.01	272.98	194.56
37	149.67	251.23	164.26	165.02	212.85	210.85	287.52	279.30	198.79
38	152.62	256.69	167.39	168.15	217.31	215.27	293.98	285.57	202.97
39	155.52	262.15	170.53	171.33	221.78	219.69	300.44	291.89	207.20
40	158.46	267.62	173.66	174.47	226.24	224.11	306.95	298.16	211.38
41	161.36	273.08	176.80	177.65	230.71	228.52	313.41	304.43	215.60
42	164.30	278.54	179.93	180.79	235.17	232.94	319.87	310.75	219.78
43	167.20	284.00	183.07	183.92	239.64	237.36	326.33	317.02	224.01
44	170.10	289.47	186.20	187.10	244.10	241.78	332.83	323.33	228.19
45	173.04	294.93	189.34	190.24	248.57	246.19	339.29	329.60	232.42
46	175.94	300.39	192.47	193.37	252.99	250.61	345.75	335.87	236.60
47	178.89	305.85	195.61	196.56	257.45	255.03	352.26	342.19	240.83
48	181.78	311.32	198.79	199.69	261.92	259.45	358.72	348.46	245.01
49	184.73	316.78	201.92	202.87	266.38	263.86	365.18	354.73	249.23
50	187.63	322.24	205.06	206.01	270.85	268.28	371.64	361.05	253.41

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
26	146.82	188.10	158.41	157.42	130.72	134.66	147.63	<u>152.10</u>	<u>193.90</u>	<u>152.67</u>
27	150.77	193.52	162.78	161.55	134.05	138.08	151.38	<u>155.80</u>	<u>199.41</u>	<u>156.04</u>
28	154.76	198.88	167.15	165.68	137.37	141.50	155.14	<u>159.55</u>	<u>204.96</u>	<u>159.36</u>
29	158.70	204.30	171.57	169.81	140.70	144.92	158.89	<u>163.40</u>	<u>210.47</u>	<u>162.69</u>
30	162.69	209.71	175.94	173.95	144.02	148.34	162.64	<u>167.15</u>	<u>216.03</u>	<u>166.01</u>
31	166.63	215.13	180.31	178.08	147.35	151.76	166.39	<u>170.91</u>	<u>221.59</u>	<u>169.34</u>
32	170.62	220.54	184.68	182.21	150.67	155.18	170.15	<u>174.66</u>	<u>227.10</u>	<u>172.66</u>
33	174.56	225.96	189.10	186.34	154.00	158.60	173.90	<u>178.36</u>	<u>232.66</u>	<u>175.99</u>
34	178.55	231.33	193.47	190.48	157.32	162.02	177.65	<u>182.12</u>	<u>238.21</u>	<u>179.31</u>
35	182.50	236.74	197.84	194.61	160.60	165.44	181.40	<u>185.87</u>	<u>243.72</u>	<u>182.64</u>
36	186.49	242.16	202.26	198.74	163.92	168.86	185.16	<u>189.62</u>	<u>249.28</u>	<u>185.96</u>
37	190.43	247.57	206.63	202.87	167.25	172.28	188.91	<u>193.37</u>	<u>254.79</u>	<u>189.34</u>
38	194.42	252.99	211.00	207.01	170.57	175.70	192.66	<u>197.13</u>	<u>260.35</u>	<u>192.66</u>
39	198.36	258.35	215.37	211.14	173.90	179.12	196.41	<u>200.88</u>	<u>265.91</u>	<u>195.99</u>
40	202.35	263.77	219.78	215.27	177.22	182.54	200.17	<u>204.58</u>	<u>271.42</u>	<u>199.31</u>
41	206.29	269.18	224.15	219.40	180.55	185.96	203.92	<u>208.34</u>	<u>276.97</u>	<u>202.64</u>
42	210.28	274.60	228.52	223.54	183.87	189.38	207.67	<u>212.09</u>	<u>282.48</u>	<u>205.96</u>
43	214.23	280.01	232.89	227.67	187.20	192.80	211.42	<u>215.84</u>	<u>288.04</u>	<u>209.29</u>
44	218.17	285.43	237.31	231.80	190.52	196.22	215.18	<u>219.59</u>	<u>293.60</u>	<u>212.61</u>
45	222.16	290.80	241.68	235.93	193.80	199.64	218.93	<u>223.35</u>	-	<u>215.94</u>
46	226.10	296.21	246.05	240.07	197.13	203.06	222.68	<u>227.19</u>	-	<u>219.26</u>
47	230.09	301.63	250.42	244.20	200.45	206.48	226.43	<u>230.95</u>	-	<u>222.63</u>
48	234.03	307.04	254.84	248.33	203.78	209.90	230.19	<u>234.70</u>	-	<u>225.96</u>
49	238.02	312.46	259.21	252.46	207.10	213.32	233.94	<u>238.45</u>	-	<u>229.28</u>
50	241.97	317.82	263.58	256.60	210.43	216.74	237.69	<u>242.20</u>	-	<u>232.61</u>

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group ¹						
	Origin Zone 1.1 & 1.2 (\$)	Origin Zone 1.3 (\$)	Origin Zone 1.4 (\$)	Origin Zone 1.5 (\$)	Origin Zone 1.6 (\$)	Origin Zone 1.7 (\$)	Origin Zone 1.8 (\$)
51	176.27	184.30	192.38	200.40	208.48	216.51	224.53
52	179.08	187.25	195.46	203.63	211.80	219.97	228.19
53	181.88	190.19	198.50	206.86	215.18	223.49	231.80
54	184.68	193.14	201.59	210.05	218.50	226.96	235.41
55	187.48	196.08	204.68	213.28	221.87	230.47	239.07
56	190.33	199.03	207.77	216.51	225.25	233.94	242.68
57	193.14	201.97	210.85	219.74	228.57	237.45	246.29
58	195.94	204.92	213.94	222.92	231.94	240.92	249.95
59	198.74	207.86	217.03	226.15	235.27	244.44	253.56
60	201.54	210.81	220.12	229.38	238.64	247.90	257.17
61	204.35	213.80	223.20	232.61	242.01	251.42	260.82
62	207.20	216.74	226.24	235.79	245.34	254.89	264.43
63	210.00	219.69	229.33	239.02	248.71	258.40	268.04
64	212.80	222.63	232.42	242.25	252.04	261.87	271.70
65	215.60	225.58	235.51	245.48	255.41	265.38	275.31
66	218.41	228.52	238.59	248.66	258.78	268.85	280.77
67	-	-	-	-	-	-	-
68	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group								
	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	
51	190.57	327.66	208.19	209.14	275.31	272.70	378.15	367.32	257.59
52	193.47	333.12	211.33	212.33	279.78	277.12	384.61	373.64	261.82
53	196.41	338.58	214.46	215.46	284.24	281.53	391.07	379.91	266.00
54	199.31	344.04	217.60	218.64	288.66	285.95	397.58	386.18	270.23
55	202.21	349.51	220.73	221.78	293.12	290.37	404.04	392.49	274.41
56	205.15	354.97	223.87	224.91	297.59	294.79	410.50	398.76	278.64
57	208.05	360.43	227.00	228.10	302.05	299.20	416.96	405.08	282.82
58	211.00	365.89	230.14	231.23	306.52	303.62	423.46	411.35	287.04
59	213.89	371.36	233.27	234.41	310.98	308.04	429.92	417.62	291.22
60	216.84	376.82	236.41	237.55	315.45	312.46	436.38	423.94	295.45
61	219.74	382.28	239.54	240.68	319.91	316.87	442.84	430.21	299.63
62	222.68	387.74	242.73	243.87	324.38	321.29	449.35	436.48	303.86
63	225.58	393.21	245.86	247.00	328.80	325.71	455.81	442.80	308.04
64	228.52	398.67	249.00	250.14	333.26	330.13	462.27	449.07	312.27
65	231.42	404.13	252.13	253.32	337.73	334.54	468.78	455.38	316.45
66	234.32	409.59	255.27	256.45	342.19	338.96	475.24	461.65	320.67
67	237.26	415.06	258.40	259.64	346.66	343.38	481.70	467.92	324.85
68	240.16	420.52	261.54	262.77	351.12	347.80	488.16	474.24	329.08
69	243.11	425.98	264.67	265.91	355.59	352.21	494.67	480.51	333.26
70	246.00	431.44	267.81	269.09	360.05	356.63	501.13	486.83	337.49

Priority Mail International Parcels Commercial Plus Prices (Continued)

Maximum Weight (pounds)	Country Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
51	245.96	323.24	268.00	260.73	213.75	220.16	241.44	<u>245.96</u>	-	<u>235.93</u>
52	249.90	328.65	272.37	264.86	217.08	223.58	245.20	<u>249.66</u>	-	<u>239.26</u>
53	253.89	334.07	276.74	268.99	220.40	227.00	248.95	<u>253.41</u>	-	<u>242.58</u>
54	257.83	339.48	281.11	273.17	223.68	230.42	252.70	<u>257.17</u>	-	<u>245.91</u>
55	261.82	344.85	285.52	277.31	227.00	233.84	256.45	<u>260.92</u>	-	<u>249.23</u>
56	265.76	350.27	289.89	281.44	230.33	237.26	260.21	<u>264.67</u>	-	<u>252.56</u>
57	269.75	355.68	294.26	285.57	233.65	240.68	263.96	<u>268.42</u>	-	<u>255.93</u>
58	273.70	361.10	298.63	289.70	236.98	244.10	267.71	<u>272.13</u>	-	<u>259.26</u>
59	277.69	366.51	303.05	293.84	240.30	247.52	271.46	<u>275.88</u>	-	<u>262.58</u>
60	281.63	371.93	307.42	297.97	243.63	250.94	275.22	<u>279.63</u>	-	<u>265.91</u>
61	285.57	377.29	311.79	302.10	246.95	254.36	278.97	<u>283.39</u>	-	<u>269.23</u>
62	289.56	382.71	316.16	306.23	250.28	257.78	282.72	<u>287.23</u>	-	<u>272.56</u>
63	293.50	388.12	320.58	310.37	253.60	261.20	286.47	<u>290.99</u>	-	<u>275.88</u>
64	297.49	393.54	324.95	314.50	256.88	264.62	290.23	<u>294.74</u>	-	<u>279.21</u>
65	301.44	398.95	329.32	318.63	260.21	268.04	293.98	<u>298.44</u>	-	<u>282.53</u>
66	305.43	404.32	333.69	322.76	263.53	271.46	297.73	<u>302.20</u>	-	<u>285.86</u>
67	309.37	-	-	-	-	274.88	-	-	-	-
68	313.36	-	-	-	-	278.30	-	-	-	-
69	317.30	-	-	-	-	281.72	-	-	-	-
70	321.29	-	-	-	-	285.14	-	-	-	-

Notes

1. The applicable Origin Zone for pieces destined to Canada is based on the applicable zone from the origin point to the serving International Service Center (ISC). In future releases, distance to and within Canada could be considered for application of the appropriate Origin Zone group.

Pickup On Demand Service

Add \$25.00 for each Pickup On Demand stop.

International Service Center (ISC) Zone Chart

2320 International Priority Airmail (IPA)

* * *

2320.2 Size and Weight Limitations

Mailpiece Requirements (mailpieces contained within M-Bags are subject to the separate International Direct Sacks–Airmail M-Bag (2330) requirements)

* * *

d. Packages (Small Packets)

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			none
	<u>6 inches</u>	<u>4 inches</u>	=	
Maximum	24 inches			4.4 pounds
	Length plus height plus thickness of 36 inches			

* * *

2320.4 Price Categories

The following price categories are available for the product specified in this section:

International Priority Airmail Letters and Postcards

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-~~49~~20
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment
 - Worldwide

International Priority Airmail Large Envelopes (Flats)

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-~~49~~20
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment
 - Worldwide

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-4920
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment
 - Worldwide

- Price Groups 1-1920

* * *

2320.6 Prices

The price to be paid is the applicable per-piece price plus the applicable per-pound price. The per-piece price applies to each mailpiece regardless of weight. The per-pound price applies to the net weight (gross weight of the container minus the tare weight of the container) of the mail for the specific Country Price Group.

a. Presort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers	1.20	0.84	0.37	0.40	0.73	0.37	1.07	1.18	1.17	0.86
Mixed Country Containers	-	-	0.37	0.40	0.73	0.37	1.07	1.18	1.17	0.86

[illegible]

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	9.86	11.85	13.12	13.00	14.40	14.96	12.66	12.86	12.81	13.58
Direct Country Containers (ISC Drop Shipment)	6.68	7.40	9.79	9.88	11.33	9.88	9.16	9.29	9.39	10.50
Mixed Country Containers (ISC Drop Shipment)	-	-	9.87	10.30	11.93	10.36	9.82	10.44	9.87	11.01

[illegible]

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	0.89

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	16.83
Worldwide Nonpresorted Containers (ISC Drop Shipment)	13.26

The price to be paid is the applicable per-piece price plus the applicable per-pound price. The per-piece price applies to each mailpiece regardless of weight. The per-pound price applies to the net weight (gross weight of the container minus the tare weight of the container) of the mail for the specific Country Price Group.

i. Per Piece

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers	1.20	0.84	0.37	0.40	0.73	0.37	1.07	1.18	1.17	0.86
Mixed Country Containers	-	-	0.37	0.40	0.73	0.37	1.07	1.18	1.17	0.86

[illegible]

ii. Per Pound

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	8.41	10.12	13.12	13.00	14.40	14.96	12.66	10.99	10.94	11.62
Direct Country Containers (ISC Drop Shipment)	5.74	6.35	9.79	9.88	11.33	9.88	9.16	7.92	8.05	8.99
Mixed Country Containers (ISC Drop Shipment)	-	-	9.87	10.30	11.93	10.36	9.82	10.06	8.45	9.41

[illegible]

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	0.89

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	16.83
Worldwide Nonpresorted Containers (ISC Drop Shipment)	13.26

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	8.04	9.67	13.12	13.00	14.40	14.96	12.66	10.49	10.44	11.08
Direct Country Containers (ISC Drop Shipment)	5.45	6.07	9.79	9.88	11.33	9.88	9.16	7.58	7.68	8.57
Mixed Country Containers (ISC Drop Shipment)	-	-	9.87	10.30	11.93	10.36	9.82	9.96	8.03	8.97

[illegible]

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	2.72

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	16.83
Worldwide Nonpresorted Containers (ISC Drop Shipment)	13.26

International Priority Airmail M-Bag

The price to be paid is the applicable per-pound price. The per-pound price applies to the total weight of the sack (M-bag) for the specific Country Price Group.

a. International Priority Airmail M-Bag (Full Service)

Maximum Weight (pounds)	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
11	79.53	89.98	119.35	128.92	126.94	115.83	105.38	105.38	109.23	128.48
For each additional pound or fraction thereof	7.23	8.18	10.85	11.72	11.54	10.53	9.58	9.58	9.93	11.68

Maximum Weight (pounds)	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	<u>20 (\$)</u>
11	115.83	126.28	115.83	128.48	105.38	105.38	132.55	128.92	119.35	<u>105.38</u>
For each additional pound or fraction thereof	10.53	11.48	10.53	11.68	9.58	9.58	12.05	11.72	10.85	<u>9.58</u>

b. International Priority Airmail M-Bag (ISC Drop Shipment)

Maximum Weight (pounds)	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
5	31.20	38.59	61.34	70.17	67.93	61.21	48.45	48.45	52.46	70.49
6	31.75	39.68	63.06	72.04	69.87	62.40	50.04	50.04	54.02	72.20
7	32.30	40.77	64.78	73.91	71.81	63.59	51.63	51.63	55.58	73.91
8	32.85	41.86	66.50	75.78	73.75	64.78	53.22	53.22	57.14	75.62
9	33.40	42.95	68.22	77.65	75.69	65.97	54.81	54.81	58.70	77.33
10	33.95	44.04	69.94	79.52	77.63	67.16	56.40	56.40	60.26	79.04
11	34.50	45.13	71.66	81.39	79.57	68.35	57.99	57.99	61.82	80.75
For each additional pound or fraction thereof	3.15	4.10	6.52	7.39	7.23	6.21	5.28	5.28	5.61	7.35

Maximum Weight (pounds)	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
5	61.21	64.62	61.21	70.49	48.45	48.45	70.59	70.17	61.34	<u>48.45</u>
6	62.40	66.98	62.40	72.20	50.04	50.04	73.23	72.04	63.06	<u>50.04</u>
7	63.59	69.34	63.59	73.91	51.63	51.63	75.87	73.91	64.78	<u>51.63</u>
8	64.78	71.70	64.78	75.62	53.22	53.22	78.51	75.78	66.50	<u>53.22</u>
9	65.97	74.06	65.97	77.33	54.81	54.81	81.15	77.65	68.22	<u>54.81</u>
10	67.16	76.42	67.16	79.04	56.40	56.40	83.79	79.52	69.94	<u>56.40</u>
11	68.35	78.78	68.35	80.75	57.99	57.99	86.43	81.39	71.66	<u>57.99</u>
For each additional pound or fraction thereof	6.21	7.16	6.21	7.35	5.28	5.28	7.85	7.39	6.52	<u>5.28</u>

2325 International Surface Air Lift (ISAL)

* * *

2325.2 Size and Weight Limitations

* * *

d. Packages (Small Packets)

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			none
	<u>6 inches</u>	<u>4 inches</u>	=	
Maximum	24 inches			4.4 pounds
	Length plus height plus thickness of 36 inches			

* * *

2325.4 Price Categories

The following price categories are available for the product specified in this section:

International Surface Air Lift Letters and Postcards

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-~~49~~20
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment
 - Worldwide

International Surface Air Lift Large Envelopes (Flats)

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-~~49~~20
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment
 - Worldwide

International Surface Air Lift Packages (Small Packets and Rolls)

- Presort Mail – Full Service and ISC Drop Shipment
 - Price Groups 1-~~49~~20
- Worldwide Nonpresort Mail – Full Service and ISC Drop Shipment

- Worldwide

International Surface Air Lift M-Bags (Full Service and ISC Drop Shipment)

- Price Groups 1-1920

* * *

2325.6 Prices

International Surface Air Lift Letters and Postcards

* * *

a. Presort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers	0.93	0.69	0.28	0.26	0.55	0.27	0.84	0.92	0.91	0.70
Mixed Country Containers	-	-	0.30	0.27	0.55	0.29	0.84	0.92	0.91	0.70

[illegible]

ii. Per Pound

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	9.61	11.13	12.34	11.87	13.37	13.62	11.39	11.32	11.55	12.57
Direct Country Containers (ISC Drop Shipment)	6.49	6.98	9.18	9.05	10.53	8.98	8.21	8.18	8.45	9.74
Mixed Country Containers (ISC Drop Shipment)	-	-	9.25	9.37	10.72	9.44	9.12	9.53	8.89	10.00

[illegible]

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	0.77

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	15.51
Worldwide Nonpresorted Containers (ISC Drop Shipment)	12.22

International Surface Air Lift Large Envelopes (Flats)

* * *

a. Presort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers	0.93	0.69	0.28	0.26	0.55	0.27	0.84	0.92	0.91	0.70
Mixed Country Containers	-	-	0.30	0.27	0.55	0.29	0.84	0.92	0.91	0.70

	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
Direct Country Containers	0.74	0.93	0.75	0.69	0.91	0.91	0.93	0.71	0.69	<u>0.93</u>
Mixed Country Containers	0.74	-	-	-	-	-	-	-	-	-

ii. Per Pound

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	8.19	9.57	12.34	11.87	13.37	13.62	11.39	9.68	9.85	10.74
Direct Country Containers (ISC Drop Shipment)	5.57	5.99	9.18	9.05	10.53	8.98	8.21	7.00	7.23	8.34
Mixed Country Containers (ISC Drop Shipment)	-	-	9.25	9.37	10.72	9.44	9.12	9.19	7.60	8.54

	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
Direct Country Containers (Full Service)	13.62	10.68	11.80	10.74	9.67	9.86	10.59	10.00	12.34	<u>9.23</u>
Direct Country Containers (ISC Drop Shipment)	8.98	7.95	7.80	8.34	7.25	7.42	7.93	7.62	9.18	<u>6.86</u>
Mixed Country Containers (ISC Drop Shipment)	9.44	-	-	-	-	-	-	-	-	=

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	0.77

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	15.51
Worldwide Nonpresorted Containers (ISC Drop Shipment)	12.22

* * *

i. Per Piece

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers	3.00	1.41	0.28	0.29	0.42	0.27	1.68	2.36	3.79	1.43
Mixed Country Containers	-	-	0.30	0.29	0.42	0.29	1.68	2.36	3.79	1.43

[illegible]

ii. Per Pound

	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
Direct Country Containers (Full Service)	7.82	9.08	12.34	11.87	13.37	13.62	11.39	9.23	9.44	10.27
Direct Country Containers (ISC Drop Shipment)	5.29	5.70	9.18	9.05	10.53	8.98	8.21	6.68	6.89	7.99
Mixed Country Containers (ISC Drop Shipment)	-	-	9.25	9.37	10.72	9.44	9.12	9.10	7.26	8.17

[illegible]

b. Worldwide Nonpresort Mail (Full Service and ISC Drop Shipment)

i. Per Piece

	(\$)
Worldwide Nonpresorted Containers	1.94

ii. Per Pound

	(\$)
Worldwide Nonpresorted Containers (Full Service)	15.51
Worldwide Nonpresorted Containers (ISC Drop Shipment)	12.22

International Surface Air Lift M-Bags

* * *

a. International Surface Air Lift M-Bag (Full Service)

Maximum Weight (pounds)	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
11	27.61	29.59	40.59	45.10	56.43	40.59	35.20	35.20	36.30	47.52
For each additional pound or fraction thereof	2.51	2.69	3.69	4.10	5.13	3.69	3.20	3.20	3.30	4.32

Maximum Weight (pounds)	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
11	40.59	45.10	40.59	47.52	34.65	34.65	48.18	45.10	40.59	<u>34.65</u>
For each additional pound or fraction thereof	3.69	4.10	3.69	4.32	3.15	3.15	4.38	4.10	3.69	<u>3.15</u>

b. International Surface Air Lift M-Bag (ISC Drop Shipment)

Maximum Weight (pounds)	Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
5	25.51	23.46	21.39	19.91	26.82	23.66	18.62	18.62	19.60	20.85
6	25.69	24.25	23.99	23.48	31.18	25.86	20.78	20.78	21.78	24.69
7	25.87	25.04	26.59	27.05	35.54	28.06	22.94	22.94	23.96	28.53
8	26.05	25.83	29.19	30.62	39.90	30.26	25.10	25.10	26.14	32.37
9	26.23	26.62	31.79	34.19	44.26	32.46	27.26	27.26	28.32	36.21
10	26.41	27.41	34.39	37.76	48.62	34.66	29.42	29.42	30.50	40.05
11	26.59	28.20	36.99	41.33	52.98	36.86	31.58	31.58	32.68	43.89
For each additional pound or fraction thereof	2.41	2.56	3.37	3.77	4.81	3.37	2.86	2.86	2.98	3.98

Maximum Weight (pounds)	Price Group									
	11 (\$)	12 (\$)	13 (\$)	14 (\$)	15 (\$)	16 (\$)	17 (\$)	18 (\$)	19 (\$)	20 (\$)
5	23.66	25.12	23.66	20.85	18.31	18.31	25.95	19.91	21.39	<u>18.31</u>
6	25.86	27.88	25.86	24.69	20.41	20.41	29.43	23.48	23.99	<u>20.41</u>
7	28.06	30.64	28.06	28.53	22.51	22.51	32.91	27.05	26.59	<u>22.51</u>
8	30.26	33.40	30.26	32.37	24.61	24.61	36.39	30.62	29.19	<u>24.61</u>
9	32.46	36.16	32.46	36.21	26.71	26.71	39.87	34.19	31.79	<u>26.71</u>
10	34.66	38.92	34.66	40.05	28.81	28.81	43.35	37.76	34.39	<u>28.81</u>
11	36.86	41.68	36.86	43.89	30.91	30.91	46.83	41.33	36.99	<u>30.91</u>
For each additional pound or fraction thereof	3.37	3.80	3.37	3.98	2.81	2.81	4.27	3.77	3.37	<u>2.81</u>

2330 International Direct Sacks—Airmail M-Bags

* * *

2330.6 Prices*Outbound International Direct Sacks—Airmail M-Bags*

The price is based on the applicable per-pound price. The per-pound price applies to the total weight of the sack (M-Bag) for the specific price group.

Maximum Weight (pounds)	Price Group ¹								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
11	55.00	51.70	98.45	75.90	69.30	95.15	78.65	80.30	80.85
For each additional pound or fraction thereof	5.00	4.70	8.95	6.90	6.30	8.65	7.15	7.30	7.35

Notes

1. Same as Price Groups 1-9 for Single-Piece First-Class Mail International (SPFCMI).

Inbound International Direct Sacks—M-Bags

Payment is made in accordance with Part III of the Universal Postal Convention and associated UPU Letter Post Regulations. This information is available in the Letter Post Manual at www.upu.int.

2335 Outbound Single-Piece First-Class Package International Service

* * *

2335.2 Size and Weight Limitations*Packages (Small Packets)*

	Length	Height	Thickness	Weight
Minimum	Large enough to accommodate postage, address, and other required elements on the address side			none
	<u>6 inches</u>	<u>4 inches</u>	=	
Maximum	24 inches			4 pounds
	Length plus height plus thickness of 36 inches			

* * *

2335.4 Price Categories

The following price categories are available for the product specified in this section:

- Retail
 - Price Groups 1-920
- Commercial Base – For selected destination countries, available for customers who prepare and pay for Outbound Single-Piece First-Class Package International Service shipments via Postal Service-approved payment methods that electronically transmit customs-related functions. The discount applies only to the postage portion of Outbound Single-Piece First-Class Package International Service prices.
 - Price Groups 1-920
- Commercial Plus – For selected destination countries, available for customers who use specifically authorized postage payment methods and must tender at least \$100,000.00 per year of any combination of Priority Mail Express International, Global Express Guaranteed, Priority Mail International, or Outbound Single-Piece First-Class Package International Service items. The discount applies only to the postage portion of Outbound Single-Piece First-Class Package International Service prices. Mail tendered under an Outbound International Negotiated Service Agreement may be used to satisfy the \$100,000.00 per year commitment.
 - Price Groups 1-920

- Fee for Return of Undeliverable as Addressed Outbound U.S. Origin Mail Posted through a Foreign Postal Administration or Operator
 - Price Groups 1-920

* * *

2335.6 Prices

Outbound Single-Piece First-Class Package International Service Retail Prices

Maximum Weight (ounces)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
1	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
2	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
3	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
4	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
5	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
6	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
7	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
8	14.25	14.75	15.75	15.25	15.25	15.25	14.50	15.50	16.25	<u>15.25</u>
12	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
16	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
20	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
24	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
28	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
32	21.25	21.75	28.75	27.00	25.50	26.50	24.50	25.50	28.25	<u>25.50</u>
36	33.00	33.50	45.50	44.50	41.50	42.50	40.00	41.00	45.75	<u>41.50</u>
40	33.00	33.50	45.50	44.50	41.50	42.50	40.00	41.00	45.75	<u>41.50</u>
44	33.00	33.50	45.50	44.50	41.50	42.50	40.00	41.00	45.75	<u>41.50</u>
48	33.00	33.50	45.50	44.50	41.50	42.50	40.00	41.00	45.75	<u>41.50</u>
52	44.75	45.25	62.25	62.00	57.50	58.50	55.50	56.50	63.25	<u>57.50</u>
56	44.75	45.25	62.25	62.00	57.50	58.50	55.50	56.50	63.25	<u>57.50</u>
60	44.75	45.25	62.25	62.00	57.50	58.50	55.50	56.50	63.25	<u>57.50</u>
64	44.75	45.25	62.25	62.00	57.50	58.50	55.50	56.50	63.25	<u>57.50</u>

Outbound Single-Piece First-Class Package International Service Retail Prices
(Continued)

<u>Maximum Weight (ounces)</u>	<u>Country Price Group</u>									
	<u>11 (\$)</u>	<u>12 (\$)</u>	<u>13 (\$)</u>	<u>14 (\$)</u>	<u>15 (\$)</u>	<u>16 (\$)</u>	<u>17 (\$)</u>	<u>18 (\$)</u>	<u>19 (\$)</u>	<u>20 (\$)</u>
<u>1</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>2</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>3</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>4</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>5</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>6</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>7</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>8</u>	<u>15.25</u>	<u>18.25</u>	<u>19.75</u>	<u>17.25</u>	<u>14.50</u>	<u>14.50</u>	<u>17.25</u>	<u>17.25</u>	<u>15.25</u>	<u>16.25</u>
<u>12</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>16</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>20</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>24</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>28</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>32</u>	<u>25.50</u>	<u>29.75</u>	<u>30.25</u>	<u>27.75</u>	<u>24.50</u>	<u>24.50</u>	<u>27.75</u>	<u>27.75</u>	<u>25.50</u>	<u>26.00</u>
<u>36</u>	<u>41.50</u>	<u>48.00</u>	<u>46.50</u>	<u>44.00</u>	<u>40.00</u>	<u>40.00</u>	<u>44.00</u>	<u>44.00</u>	<u>41.50</u>	<u>41.50</u>
<u>40</u>	<u>41.50</u>	<u>48.00</u>	<u>46.50</u>	<u>44.00</u>	<u>40.00</u>	<u>40.00</u>	<u>44.00</u>	<u>44.00</u>	<u>41.50</u>	<u>41.50</u>
<u>44</u>	<u>41.50</u>	<u>48.00</u>	<u>46.50</u>	<u>44.00</u>	<u>40.00</u>	<u>40.00</u>	<u>44.00</u>	<u>44.00</u>	<u>41.50</u>	<u>41.50</u>
<u>48</u>	<u>41.50</u>	<u>48.00</u>	<u>46.50</u>	<u>44.00</u>	<u>40.00</u>	<u>40.00</u>	<u>44.00</u>	<u>44.00</u>	<u>41.50</u>	<u>41.50</u>
<u>52</u>	<u>57.50</u>	<u>66.25</u>	<u>62.75</u>	<u>60.25</u>	<u>55.50</u>	<u>55.50</u>	<u>60.25</u>	<u>60.25</u>	<u>57.50</u>	<u>57.00</u>
<u>56</u>	<u>57.50</u>	<u>66.25</u>	<u>62.75</u>	<u>60.25</u>	<u>55.50</u>	<u>55.50</u>	<u>60.25</u>	<u>60.25</u>	<u>57.50</u>	<u>57.00</u>
<u>60</u>	<u>57.50</u>	<u>66.25</u>	<u>62.75</u>	<u>60.25</u>	<u>55.50</u>	<u>55.50</u>	<u>60.25</u>	<u>60.25</u>	<u>57.50</u>	<u>57.00</u>
<u>64</u>	<u>57.50</u>	<u>66.25</u>	<u>62.75</u>	<u>60.25</u>	<u>55.50</u>	<u>55.50</u>	<u>60.25</u>	<u>60.25</u>	<u>57.50</u>	<u>57.00</u>

*Outbound Single-Piece First-Class Package International Service Commercial
Base Prices*

Maximum Weight (ounces)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
1	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
2	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
3	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
4	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
5	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
6	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
7	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
8	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
12	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
16	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
20	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
24	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
28	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
32	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
36	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
40	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
44	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
48	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
52	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
56	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
60	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
64	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>

Outbound Single-Piece First-Class Package International Service Commercial
Base Prices (Continued)

<u>Maximum Weight (ounces)</u>	<u>Country Price Group</u>									
	<u>11 (\$)</u>	<u>12 (\$)</u>	<u>13 (\$)</u>	<u>14 (\$)</u>	<u>15 (\$)</u>	<u>16 (\$)</u>	<u>17 (\$)</u>	<u>18 (\$)</u>	<u>19 (\$)</u>	<u>20 (\$)</u>
<u>1</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>2</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>3</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>4</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>5</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>6</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>7</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>8</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>12</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>16</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>20</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>24</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>28</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>32</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>36</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>40</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>44</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>48</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>52</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>56</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>60</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>64</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>

Outbound Single-Piece First-Class Package International Service Commercial Plus Prices

Maximum Weight (ounces)	Country Price Group									
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)	10 (\$)
1	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
2	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
3	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
4	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
5	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
6	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
7	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
8	13.54	14.01	14.96	14.49	14.49	14.49	13.78	14.73	15.44	<u>14.49</u>
12	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
16	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
20	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
24	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
28	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
32	20.19	20.66	27.31	25.65	24.23	25.18	23.28	24.23	26.84	<u>24.23</u>
36	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
40	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
44	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
48	31.35	31.83	43.23	42.28	39.43	40.38	38.00	38.95	43.46	<u>39.43</u>
52	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
56	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
60	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>
64	42.51	42.99	59.14	58.90	54.63	55.58	52.73	53.68	60.09	<u>54.63</u>

Outbound Single-Piece First-Class Package International Service Commercial
Plus Prices (Continued)

<u>Maximum Weight (ounces)</u>	<u>Country Price Group</u>									
	<u>11 (\$)</u>	<u>12 (\$)</u>	<u>13 (\$)</u>	<u>14 (\$)</u>	<u>15 (\$)</u>	<u>16 (\$)</u>	<u>17 (\$)</u>	<u>18 (\$)</u>	<u>19 (\$)</u>	<u>20 (\$)</u>
<u>1</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>2</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>3</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>4</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>5</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>6</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>7</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>8</u>	<u>14.49</u>	<u>17.34</u>	<u>18.76</u>	<u>16.39</u>	<u>13.78</u>	<u>13.78</u>	<u>16.39</u>	<u>16.39</u>	<u>14.49</u>	<u>15.44</u>
<u>12</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>16</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>20</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>24</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>28</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>32</u>	<u>24.23</u>	<u>28.26</u>	<u>28.74</u>	<u>26.36</u>	<u>23.28</u>	<u>23.28</u>	<u>26.36</u>	<u>26.36</u>	<u>24.23</u>	<u>24.70</u>
<u>36</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>40</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>44</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>48</u>	<u>39.43</u>	<u>45.60</u>	<u>44.18</u>	<u>41.80</u>	<u>38.00</u>	<u>38.00</u>	<u>41.80</u>	<u>41.80</u>	<u>39.43</u>	<u>39.43</u>
<u>52</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>56</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>60</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>
<u>64</u>	<u>54.63</u>	<u>62.94</u>	<u>59.61</u>	<u>57.24</u>	<u>52.73</u>	<u>52.73</u>	<u>57.24</u>	<u>57.24</u>	<u>54.63</u>	<u>54.15</u>

Fee for Return of Undeliverable as Addressed Outbound U.S. Origin Mail Posted through a Foreign Postal Administration or Operator

A fee is charged for the return of an undeliverable-as-addressed Outbound Single-Piece First-Class Mail International item bearing a U.S. return address which was originally posted to an international addressee through a foreign postal administration, consolidator, or operator. The fee for each returned item is equal to the First-Class Mail International postage which would have been charged if the item had been posted through the Postal Service as First-Class Mail International. The fee is charged to the return addressee.

Pickup On Demand Service

Add \$25.00 for each Pickup On Demand stop.

2615 International Ancillary Services**2615.1 International Certificate of Mailing**

* * *

2615.1.2 Prices*Individual Pieces Prices*

	(\$)
Original certificate of mailing for listed pieces of ordinary Outbound Single-Piece First-Class Package International Service	1.55
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.53
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	1.55

Multiple Pieces Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	8.80
Each additional 1,000 identical-weight pieces or fraction thereof	1.10
Duplicate copy	1.55

2615.2 Competitive International Registered Mail

* * *

2615.2.2 Prices*Outbound Competitive International Registered Mail*

	(\$)
Per Piece	16.30

* * *

2615.3 Outbound International Return Receipt

* * *

2615.3.2 Prices*Outbound International Return Receipt*

	(\$)
Per Piece	4.25

* * *

2615.5 Outbound International Insurance

* * *

2615.5.3 Prices*Outbound International Insurance*

- a. Priority Mail International Insurance and Priority Mail Express International Merchandise Insurance

Indemnity Limit Not Over (\$)	Price (\$)
200 ¹	0.00
300	6.85
400	8.65
500	10.45
600	12.25
700	14.05
800	15.85
900	17.65
Over 900	17.65 plus 1.80 for each 100.00 or fraction thereof over 900.00. Maximum indemnity varies by country.

Notes

- Insurance coverage is provided, for no additional charge, up to \$200.00 for merchandise, and up to \$100.00 for document reconstruction.

b. Global Express Guaranteed Insurance

(\$)		(\$)	(\$)
Amount of coverage:			
0.01	to	100.00	0.00
100.01	to	200.00	1.30
200.01	to	300.00	2.60
300.01	to	400.00	3.90
400.01	to	500.00	5.20
For document reconstruction insurance or non-document insurance coverage above 500.00, add 1.30 per 100.00 or fraction thereof, up to a maximum of 2,499.00 per shipment. Maximum indemnity varies by country.			
Up to		2,499.00	31.20

2615.6 Custom Clearance and Delivery Fee

* * *

2615.6.2 Prices

	(\$)
Per Dutiable Item	6.65

2620 International Money Transfer Service—Outbound

* * *

2620.3 Prices*International Money Order*

	(\$)
Per International Money Order	10.50
Inquiry Fee	7.85

Vendor Assisted Electronic Money Transfer

	Transfer Amount		
	Minimum Amount (\$)	Maximum Amount (\$)	Per Transfer (\$)
Electronic Money Transfer	0.01	750.00	14.85
	750.01	1,500.00	21.50
Refund	0.01	1,500.00	32.50
Change of Recipient	0.01	1,500.00	17.35

* * *

PART D

COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

4000

COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

A								
Afghanistan	6	<u>6 4</u>	6	<u>6 -</u>	<u>8 -</u>	<u>6 7</u>	8	<u>19 4</u>
Albania	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Algeria	8	<u>8 5</u>	4	<u>8 9</u>	8	<u>8 9</u>	8	<u>19 5</u>
Andorra	5	<u>5 3</u>	5	<u>5 4</u>	8	<u>5 4</u>	8	<u>15 3</u>
Angola	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Anguilla	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Antigua & Barbuda	9	<u>9 6</u>	7	<u>9 -</u>	<u>8 -</u>	<u>9 10</u>	8	<u>17 6</u>
Argentina	9	<u>9 11</u>	8	<u>9 10</u>	2	<u>9 10</u>	2	<u>10 11</u>
Armenia	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>19 3</u>
Aruba	9	<u>9 6</u>	7	<u>9 11</u>	8	<u>9 11</u>	8	<u>17 6</u>
Ascension	7	<u>7 5</u>	-	-	-	-	-	<u>16 5</u>
Australia	3	<u>3 12</u>	6	<u>10 12</u>	6	<u>10 12</u>	6	<u>9 12</u>
Austria	5	<u>5 9</u>	5	<u>5 4</u>	4	<u>5 4</u>	4	<u>12 9</u>
Azerbaijan	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>19 3</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

B								
Bahamas	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Bahrain	8	<u>8 4</u>	6	<u>8 6</u>	8	<u>8 6</u>	8	<u>19 4</u>
Bangladesh	6	<u>6 4</u>	6	<u>6</u>	8	<u>6</u>	8	<u>19 4</u>
Barbados	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Belarus	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Belgium	5	<u>5 9</u>	3	<u>5 4</u>	4	<u>5 4</u>	4	<u>12 9</u>
Belize	9	<u>9 6</u>	8	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Benin	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Bermuda	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Bhutan	6	<u>6 4</u>	6	<u>6 7</u>	8	<u>6 7</u>	8	<u>19 4</u>
Bolivia	9	<u>9 6</u>	8	<u>9 11</u>	<u>2 8</u>	<u>9 -</u>	<u>2 -</u>	<u>17 6</u>
Bonaire, Sint Eustatius, and Saba	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Bosnia and Herzegovina	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Botswana	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Brazil	9	<u>9 13</u>	8	<u>15 13</u>	2	<u>15 13</u>	2	<u>10 13</u>
British Virgin Islands	9	<u>9 6</u>	7	<u>9 -</u>	<u>8 -</u>	<u>9 10</u>	8	<u>17 6</u>
Brunei Darussalam	6	<u>6 4</u>	4	<u>6</u>	8	<u>6</u>	8	<u>18 4</u>
Bulgaria	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Burkina Faso	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Burma (Myanmar)	6	<u>6 4</u>	-	<u>6</u>	8	<u>6</u>	8	<u>19 4</u>
Burundi	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

C								
Cambodia	6	6 <u>4</u>	8	6	8	6	8	18 <u>4</u>
Cameroon	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Canada	1	1	1	1	1	1	1	1
Cabo Verde (Cape Verde)	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Cayman Islands	9	9 <u>6</u>	7	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Central African Republic	7	7 <u>5</u>	-	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Chad	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Chile	9	9 <u>11</u>	8	9 <u>11</u>	2	9 <u>11</u>	2	17 <u>11</u>
China	3	3 <u>14</u>	6	14	3	14	3	14
Colombia	9	9 <u>6</u>	8	9 <u>10</u>	2	9 <u>10</u>	2	17 <u>6</u>
Comoros	7	7 <u>5</u>	-	7 <u>-</u>	8 <u>-</u>	7 <u>8</u>	8	19 <u>5</u>
Congo, Democratic Republic of the	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Congo, Republic of the	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Costa Rica	9	9 <u>6</u>	8	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Cote d'Ivoire (Ivory Coast)	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Croatia	4	4 <u>8</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	16 <u>8</u>
Cuba	9	9 <u>6</u>	-	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Curacao	9	9 <u>6</u>	7	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Cyprus	4	4	6	4 <u>7</u>	8	4 <u>7</u>	8	19 <u>4</u>
Czech Republic	4	4 <u>7</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	16 <u>7</u>

D								
Denmark	5	5 <u>9</u>	5	5 <u>4</u>	4	5 <u>4</u>	4	12 <u>9</u>
Djibouti	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Dominica	9	9 <u>6</u>	7	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Dominican Republic	9	9 <u>6</u>	7	9 <u>11</u>	2	9 <u>11</u>	2	17 <u>6</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

E								
Ecuador	9	<u>9 6</u>	8	<u>9 10</u>	2	<u>9 10</u>	2	<u>17 6</u>
Egypt	8	<u>8 5</u>	6	<u>8</u>	<u>7 8</u>	8	<u>7 8</u>	<u>19 5</u>
El Salvador	9	<u>9 6</u>	8	<u>9 11</u>	8	<u>9 11</u>	8	<u>17 6</u>
Equatorial Guinea	7	<u>7 5</u>	-	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Eritrea	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Estonia	4	<u>4 9</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 9</u>
Eswatini (Swaziland)	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Ethiopia	8	<u>8 5</u>	4	<u>8 9</u>	8	<u>8 9</u>	8	<u>19 5</u>

F								
Falkland Islands	9	<u>9 6</u>	-	-	-	<u>9 -</u>	<u>8 -</u>	<u>17 6</u>
Faroe Islands	5	<u>5 9</u>	5	5	8	5	8	<u>16 9</u>
Fiji	6	<u>6 4</u>	8	6	8	6	8	<u>18 4</u>
Finland	5	<u>5 9</u>	5	<u>5 4</u>	4	<u>5 4</u>	4	<u>12 9</u>
France	5	<u>5 15</u>	3	<u>13 15</u>	4	<u>13 15</u>	4	<u>5 15</u>
French Guiana	9	<u>9 15</u>	8	<u>9 11</u>	8	<u>9 11</u>	8	<u>17 15</u>
French Polynesia	6	<u>6 4</u>	4	<u>6 7</u>	8	<u>6 7</u>	8	<u>18 4</u>

G								
Gabon	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Gambia	7	<u>7 5</u>	4	<u>7 -</u>	<u>8 -</u>	<u>7 8</u>	8	<u>19 5</u>
Georgia	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>19 3</u>
Germany	5	<u>5 16</u>	3	16	4	16	4	<u>4 16</u>
Ghana	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Gibraltar	5	<u>5 7</u>	4	<u>5 -</u>	<u>8 -</u>	<u>5 4</u>	8	<u>15 7</u>
Greece	5	<u>5 8</u>	5	<u>5 4</u>	8	<u>5 4</u>	8	<u>13 8</u>
Greenland	5	<u>5 9</u>	5	-	-	5	8	<u>15 9</u>
Grenada	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Guadeloupe	9	<u>9 15</u>	7	<u>9 11</u>	8	<u>9 11</u>	8	<u>17 15</u>
Guatemala	9	<u>9 6</u>	8	<u>9 10</u>	<u>2 8</u>	<u>9 10</u>	<u>2 8</u>	<u>17 6</u>
Guinea	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Guinea-Bissau	7	<u>7 5</u>	-	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Guyana	9	<u>9 6</u>	8	<u>9 11</u>	<u>2 8</u>	<u>9 11</u>	<u>2 8</u>	<u>17 6</u>

Country	Market Dominant SPFCMI ¹	Competitive					
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴		
							↓ IPA & ISAL ⁶

H								
Haiti	9	9 <u>6</u>	7	9 <u>10</u>	8	9 <u>10</u>	8	17 <u>6</u>
Honduras	9	9 <u>6</u>	8	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Hong Kong	3	3 <u>18</u>	3	3 <u>18</u>	3	3 <u>18</u>	3	11 <u>18</u>
Hungary	4	4 <u>7</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	16 <u>7</u>

I								
Iceland	5	5 <u>7</u>	5	5	8	5	8	15 <u>7</u>
India	6	6 <u>10</u>	6	6	5 <u>3</u>	6	5 <u>3</u>	14 <u>10</u>
Indonesia	6	6 <u>4</u>	6	6	3	6	3	18 <u>4</u>
Iran	8	8 <u>4</u>	-	-	-	8 <u>7</u>	8	19 <u>4</u>
Iraq	8	8 <u>4</u>	6	8 <u>6</u>	7 <u>8</u>	8 <u>6</u>	7 <u>8</u>	19 <u>4</u>
Ireland (Eire)	5	5 <u>9</u>	3	5 <u>4</u>	4	5 <u>4</u>	4	13 <u>9</u>
Israel	5	5 <u>8</u>	6	8 <u>4</u>	7 <u>4</u>	8 <u>4</u>	7 <u>4</u>	13 <u>8</u>
Italy	5	5 <u>9</u>	3	5 <u>4</u>	4	5 <u>4</u>	4	7 <u>9</u>

J								
Jamaica	9	9 <u>6</u>	7	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>6</u>
Japan	3	3 <u>17</u>	3	12 <u>17</u>	3	12 <u>17</u>	3	6 <u>17</u>
Jordan	8	8 <u>4</u>	6	8 <u>7</u>	7 <u>8</u>	8 <u>7</u>	7 <u>8</u>	19 <u>4</u>

K								
Kazakhstan	6	6 <u>4</u>	4	6 <u>7</u>	8	6 <u>7</u>	8	19 <u>4</u>
Kenya	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Kiribati	6	6 <u>4</u>	-	6	8	6	8	18 <u>4</u>
Korea, Democratic People's Republic of (North)	6	6 <u>4</u>	-	-	-	-	-	18 <u>4</u>
Korea, Republic of (South)	3	3 <u>18</u>	6	3 <u>18</u>	3	3 <u>18</u>	3	11 <u>18</u>
Kosovo	5	5 <u>3</u>	4	5 <u>-</u>	8 <u>-</u>	5 <u>3</u>	8	16 <u>3</u>
Kuwait	8	8 <u>4</u>	6	8 <u>6</u>	8	8 <u>6</u>	8	19 <u>4</u>
Kyrgyzstan	6	6 <u>4</u>	4	6 <u>7</u>	8	6 <u>7</u>	8	16 <u>4</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

L								
Laos	6	6 <u>4</u>	8	6	8	6	8	18 <u>4</u>
Latvia	4	4 <u>3</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	16 <u>3</u>
Lebanon	8	8 <u>4</u>	6	8 <u>6</u>	8	8 <u>6</u>	8	19 <u>4</u>
Lesotho	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Liberia	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Libya	8	8 <u>5</u>	4	8 -	8 -	8 <u>9</u>	8	19 <u>5</u>
Liechtenstein	5	5 <u>7</u>	5	5 <u>4</u>	8	5 <u>4</u>	8	15 <u>7</u>
Lithuania	4	4 <u>7</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	16 <u>7</u>
Luxembourg	5	5 <u>8</u>	3	5 <u>4</u>	4	5 <u>4</u>	4	15 <u>8</u>

M								
Macao	6	6 <u>4</u>	3	6	8	6	8	16 <u>4</u>
Madagascar	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Malawi	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>
Malaysia	6	6 <u>10</u>	6	6 <u>7</u>	8	6 <u>7</u>	8	18 <u>10</u>
Maldives	6	6 <u>4</u>	6	6	8	6	8	19 <u>4</u>
Mali	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Malta	5	5 <u>3</u>	5	5	8	5	8	19 <u>3</u>
Martinique	9	9 <u>15</u>	7	9 <u>11</u>	8	9 <u>11</u>	8	17 <u>15</u>
Mauritania	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Mauritius	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Mexico	2	2	2	2	2	2	2	2
Moldova	4	4 <u>3</u>	4	4 <u>3</u>	8	4 <u>3</u>	8	19 <u>3</u>
Mongolia	6	6 <u>4</u>	4	6 <u>7</u>	3 <u>8</u>	6 <u>7</u>	3 <u>8</u>	18 <u>4</u>
Montenegro	5	5 <u>3</u>	4	5 -	8 -	5 <u>3</u>	8	17 <u>3</u>
Montserrat	9	9 <u>6</u>	7	-	-	9 <u>10</u>	8	17 <u>6</u>
Morocco	8	8 <u>5</u>	4	8 <u>9</u>	8	8 <u>9</u>	8	19 <u>5</u>
Mozambique	7	7 <u>5</u>	4	7 <u>9</u>	8	7 <u>9</u>	8	19 <u>5</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

N								
Namibia	7	<u>7 5</u>	4	<u>7 8</u>	8	<u>7 8</u>	8	<u>19 5</u>
Nauru	6	<u>6 4</u>	-	6	8	6	8	<u>18 4</u>
Nepal	6	<u>6 4</u>	6	6	8	6	8	<u>18 4</u>
Netherlands	5	<u>5 9</u>	3	<u>17 4</u>	4	<u>17 4</u>	4	<u>12 9</u>
New Caledonia	6	<u>6 4</u>	8	<u>6 7</u>	8	<u>6 7</u>	8	<u>18 4</u>
New Zealand	6	<u>6 12</u>	6	<u>10 12</u>	6	<u>10 12</u>	6	<u>9 12</u>
Nicaragua	9	<u>9 6</u>	8	<u>9 10</u>	8	<u>9 10</u>	8	<u>17 6</u>
Niger	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
Nigeria	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>
North Macedonia, Republic of	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Norway	5	<u>5 9</u>	5	5	4	5	4	<u>12 9</u>

O								
Oman	8	<u>8 4</u>	6	<u>8 6</u>	8	<u>8 6</u>	8	<u>19 4</u>

P								
Pakistan	6	<u>6 4</u>	6	6	8	6	8	<u>19 4</u>
Panama	9	<u>9 6</u>	8	<u>9 11</u>	8	<u>9 11</u>	8	<u>17 6</u>
Papua New Guinea	6	<u>6 4</u>	8	<u>6 7</u>	8	<u>6 7</u>	8	<u>18 4</u>
Paraguay	9	<u>9 6</u>	8	<u>9 10</u>	<u>2 8</u>	<u>9 10</u>	<u>2 8</u>	<u>17 6</u>
Peru	9	<u>9 6</u>	8	<u>9 11</u>	2	<u>9 11</u>	2	<u>17 6</u>
Philippines	6	<u>6 4</u>	6	6	3	6	3	<u>14 4</u>
Pitcairn Island	6	<u>6 4</u>	-	-	-	6	8	<u>18 4</u>
Poland	4	<u>4 7</u>	4	<u>4 3</u>	<u>8 4</u>	<u>4 3</u>	<u>8 4</u>	<u>12 7</u>
Portugal	5	<u>5 7</u>	5	<u>5 4</u>	4	<u>5 4</u>	4	<u>13 7</u>

Q								
Qatar	8	<u>8 4</u>	6	<u>8 7</u>	8	<u>8 7</u>	8	<u>19 4</u>

R								
Reunion	9	<u>9 15</u>	4	-	-	<u>9 8</u>	8	<u>19 15</u>
Romania	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>16 3</u>
Russia	4	<u>4 19</u>	4	<u>4 19</u>	<u>8 7</u>	<u>4 19</u>	<u>8 7</u>	<u>16 19</u>
Rwanda	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>19 5</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

S								
Saint Kitts & Nevis	9	9	7	9	8	9	8	17
Saint Helena	7	7 5	-	-	-	7 9	8	19 5
Saint Kitts & Nevis	9	6	7	10	8	10	8	6
Saint Lucia	9	9 6	7	9 11	8	9 11	8	17 6
Saint Pierre & Miquelon	4	4 3	-	-	-	4	8	17 3
Saint Vincent & Grenadines	9	9 6	7	9 10	8	9 10	8	17 6
Samoa	6	6 4	-	6 7	8	6 7	8	18 4
San Marino	5	5 8	3	5	8	5	8	12 8
Sao Tome & Principe	7	7 5	-	7 8	8	7 8	8	16 5
Saudi Arabia	8	8 4	4	8 6	7 8	8 6	7 8	19 4
Senegal	7	7 5	4	7 8	8	7 8	8	19 5
Serbia, Republic of	5	5 3	4	5 3	8	5 3	8	16 3
Seychelles	7	7 5	4	7 8	8	7 8	8	19 5
Sierra Leone	7	7 5	-	7 9	8	7 9	8	19 5
Singapore	6	6 10	3	6	3	6	3	11 10
Sint Maarten	9	9 6	7	9 11	8	9 11	8	17 6
Slovak Republic (Slovakia)	5	5 3	4	5 3	4 8	5 3	4 8	16 3
Slovenia	5	5 8	4	5 3	4 8	5 3	4 8	13 8
Solomon Islands	6	6 4	-	6	8	6	8	18 4
Somalia	-	-	-	-	-	-	-	19 -
South Africa	7	7 5	4	7 9	8	7 9	8	14 5
South Sudan, Republic of	7	7 5	-	-	-	7 8	8	19 5
Spain	5	5 8	5	5 4	4	5 4	4	8
Sri Lanka	6	6 4	6	6	8	6	8	19 4
Sudan	7	7 5	-	7 9	8	7 9	8	19 5
Suriname	9	9 6	8	9 -	8 -	9 11	8	17 6
Sweden	5	5 8	5	5	4	5	4	12 8
Switzerland	5	5 9	5	5	4	5	4	12 9
Syrian Arab Republic (Syria)	8	8 4	-	8 6	8	8 6	8	19 4

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

T								
Taiwan	6	<u>6 10</u>	3	<u>6 7</u>	<u>8 3</u>	<u>6 7</u>	<u>8 3</u>	<u>44 10</u>
Tajikistan	6	<u>6 4</u>	-	<u>6 7</u>	8	<u>6 7</u>	8	<u>49 4</u>
Tanzania	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>49 5</u>
Thailand	6	<u>6 10</u>	6	6	3	6	3	<u>44 10</u>
Timor—Leste, Democratic Republic of	6	<u>6 4</u>	6	-	-	<u>6 7</u>	8	<u>48 4</u>
Togo	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>49 5</u>
Tonga	6	<u>6 4</u>	4	6	8	6	8	<u>48 4</u>
Trinidad & Tobago	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>47 6</u>
Tristan da Cunha	7	<u>7 5</u>	-	-	-	<u>7 9</u>	8	<u>49 5</u>
Tunisia	8	<u>8 5</u>	4	<u>8 9</u>	8	<u>8 9</u>	8	<u>49 5</u>
Turkey	4	<u>4 3</u>	6	4	<u>7 8</u>	4	<u>7 8</u>	<u>46 3</u>
Turkmenistan	6	<u>6 4</u>	-	6	8	6	8	<u>46 4</u>
Turks & Caicos Islands	9	<u>9 6</u>	7	<u>9 10</u>	8	<u>9 10</u>	8	<u>47 6</u>
Tuvalu	6	<u>6 4</u>	-	<u>6 7</u>	<u>8 3</u>	6	8	<u>48 4</u>

U								
Uganda	7	<u>7 5</u>	4	<u>7 9</u>	8	<u>7 9</u>	8	<u>49 5</u>
Ukraine	4	<u>4 3</u>	4	<u>4 3</u>	8	<u>4 3</u>	8	<u>49 3</u>
United Arab Emirates	8	<u>8 10</u>	6	<u>8 7</u>	<u>7 8</u>	<u>8 7</u>	<u>7 8</u>	<u>49 10</u>
United Kingdom of Great Britain and Northern Ireland	5	<u>5 20</u>	3	<u>11 20</u>	<u>4 5</u>	<u>11 20</u>	<u>4 5</u>	<u>3 20</u>
Uruguay	9	<u>9 6</u>	8	<u>9 11</u>	2	<u>9 11</u>	2	<u>47 6</u>
Uzbekistan	6	<u>6 4</u>	4	<u>6 7</u>	8	<u>6 7</u>	8	<u>49 4</u>

V								
Vanuatu	6	<u>6 4</u>	8	<u>6 7</u>	8	<u>6 7</u>	8	<u>48 4</u>
Vatican City	5	<u>5 9</u>	3	<u>5 4</u>	8	<u>5 4</u>	8	<u>45 9</u>
Venezuela	9	<u>9 11</u>	8	<u>9 11</u>	2	<u>9 11</u>	2	<u>47 11</u>
Vietnam	6	<u>6 4</u>	6	6	3	6	3	<u>48 4</u>

Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	I IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

W								
Wallis & Futuna Islands	6	6 <u>4</u>	4	-	-	6	8	18 <u>4</u>

Y								
Yemen	8	8 <u>4</u>	6	8 <u>7</u>	7 <u>8</u>	8 <u>7</u>	7 <u>8</u>	19 <u>4</u>

Z								
Zambia	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>
Zimbabwe	7	7 <u>5</u>	4	7 <u>8</u>	8	7 <u>8</u>	8	19 <u>5</u>

Notes

1. SPFCMI = Single-Piece First-Class Mail International. The same Country Price Groups also apply to International Direct Sacks—M-Bags.
2. FCPIS = Outbound Single-Piece First-Class Package International Service.
3. GXG = Global Express Guaranteed
4. PMEI = Priority Mail Express International. PMEI Flat Rate Envelope-may not be available to all countries. See Individual Country Listings in the International Mail Manual for availability.
5. PMI = Priority Mail International. PMI Flat Rate Envelopes and PMI Flat Rate Boxes may not be available to all countries. See Individual Country Listings in the International Mail Manual for availability.
6. IPA = International Priority Airmail.
ISAL = International Surface Air Lift.
IPA and ISAL service may not be available to all countries. See Individual Country Listings in the International Mail Manual for availability.



FEDERAL REGISTER

Vol. 85

Tuesday,

No. 203

October 20, 2020

Part III

The President

Notice of October 19, 2020—Continuation of the National Emergency With Respect to Significant Narcotics Traffickers Centered in Colombia

Presidential Documents

Title 3—

Notice of October 19, 2020

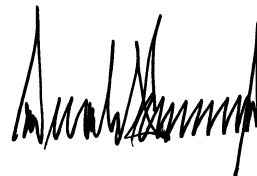
The President

Continuation of the National Emergency With Respect to Significant Narcotics Traffickers Centered in Colombia

On October 21, 1995, by Executive Order 12978, the President declared a national emergency with respect to significant narcotics traffickers centered in Colombia pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701–1706) to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States constituted by the actions of significant narcotics traffickers centered in Colombia and the extreme level of violence, corruption, and harm such actions cause in the United States and abroad.

The actions of significant narcotics traffickers centered in Colombia continue to threaten the national security, foreign policy, and economy of the United States and cause an extreme level of violence, corruption, and harm in the United States and abroad. For this reason, the national emergency declared in Executive Order 12978 of October 21, 1995, and the measures adopted pursuant thereto to deal with that emergency, must continue in effect beyond October 21, 2020. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing for 1 year the national emergency with respect to significant narcotics traffickers centered in Colombia declared in Executive Order 12978.

This notice shall be published in the *Federal Register* and transmitted to the Congress.



THE WHITE HOUSE,
October 19, 2020.

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Tuesday, October 20, 2020

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