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Proclamation 10795 of August 30, 2024

The President

National Childhood Cancer Awareness Month, 2024

By the President of the United States of America

A Proclamation

During National Childhood Cancer Awareness Month, we honor the extraordinary courage of the hundreds of thousands of children who are facing cancer, who survived cancer, or who were taken too soon by this deadly disease. We offer strength and support to their families and friends, who devotedly care for their loved ones through every step of their cancer journeys. And we recommit to finally ending cancer as we know it so that every child has the opportunity to realize their full potential and lead healthy, long, fulfilling lives.

Cancer is the leading cause of death by disease for children in America. As every family who has dealt with cancer knows—of all the things cancer steals from us, time is the cruelest. So many young, bright children who should be exploring our world are forced to spend their precious time confined to hospital rooms. Meanwhile, families and caregivers are left to navigate mountains of medical information, decipher complex treatment options, and find the means to pay for exorbitant medical bills as the emotional, physical, and financial toll mounts.

For my family, and for millions of Americans, the fight against cancer is personal. When I lost my son Beau after his courageous battle with cancer, I buried a piece of my soul. It is a feeling too many families know all too well. That is why I came into office with a mission to accelerate research into curing cancer and to ensure that cancer patients and their families are treated with dignity throughout the process. Toward that aim, the First Lady and I reignited the Biden Cancer Moonshot—mobilizing the entire country to cut the cancer death rate in half within 25 years and to strengthen support for patients and families. Additionally, I formed the first-ever Cancer Cabinet to break down silos and deliver all of the cancer prevention, early detection, treatments, care, and support needed to save more than 4 million Americans' lives by 2047.

Through these and other initiatives, we are making tremendous progress. We secured \$4 billion in bipartisan funding from the Congress to realize my Administration's vision for a new biomedical research agency, the Advanced Research Projects Agency for Health, to drive breakthroughs in prevention, diagnosis, and treatment for cancer and other diseases. The National Cancer Institute developed a National Cancer Plan to fast-track effective cancer treatments, including for children, and this year alone we have secured \$7.3 billion for work across the National Cancer Institute. We are creating a national network to connect eligible children, adolescents, and young adults to opportunities to participate in clinical trials by launching the Childhood Cancer–Data Integration for Research, Education, Care, and Clinical Trials. The Institute's Childhood Cancer Data Initiative is also providing free molecular testing of tumors. Moreover, we are working to implement the RACE for Children Act to identify and approve precision pediatric drugs quickly. And I signed the Childhood Cancer STAR Reauthorization Act to increase funding for childhood cancer research.

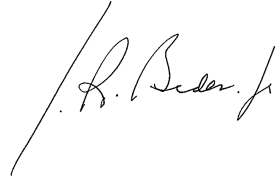
My Administration is also working hard to ensure that treatment is more accessible and affordable. I am proud to strengthen Medicaid and the Affordable Care Act (ACA) by keeping children covered under Medicaid for a full year and expanding ACA coverage to millions of families—saving them approximately \$800 per year on health insurance premiums. And we are receiving commitments from companies, nonprofits, and patient groups to increase screening, prevent exposure to toxic substances, deliver new research innovations, and improve access for more Americans to effective care.

At the same time, my Administration is making sure that no family is left behind in the cancer treatment process. Everyone needs a navigator who can help guide them through each step of their cancer journey—from sorting through health care costs to figuring out transportation to the hospital. We delivered new reimbursement codes so that, for the first time ever, families facing cancer can get patient navigation services paid for through Medicare, Medicaid, and private insurance. Cancer navigation services are personalized assistance to patients, caregivers, and families to help guide them through the many decisions and challenges that come with a cancer diagnosis, which have been shown to reduce cancer disparities, improve health outcomes, and make an enormous difference in people's lives. To date, 40 cancer centers and community oncology practices nationwide along with 7 leading insurance companies who serve more than 150 million Americans have committed to providing and paying for navigation services for families facing cancer.

Across the Nation, millions of families hold on to hope that their loved ones will get the cancer treatment they need to be cured for good. During this National Childhood Cancer Awareness Month, let us give strength to all the pediatric patients, their families, and their caretakers. Let us pay tribute to all the brave kids who inspire us to keep fighting and never give up. And let us recommit to doing all we can together to create a brighter, cancer-free future for America's youth.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Childhood Cancer Awareness Month. I encourage citizens, government agencies, private businesses, nonprofit organizations, the media, and other interested groups to increase awareness of what Americans can do to support the fight against childhood cancer. I encourage anyone experiencing uncertainty around risk factors or treatment options or looking for other opportunities for support to connect with a trained specialist at 1-800-4-CANCER or visit cancer.gov.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

A handwritten signature in black ink, appearing to read "Joe Biden", with a long, sweeping horizontal line extending to the left.

Presidential Documents

Proclamation 10796 of August 30, 2024

National Ovarian Cancer Awareness Month, 2024

By the President of the United States of America

A Proclamation

Too many Americans know the pain of losing a mother, sister, wife, daughter, or friend to ovarian cancer—the deadliest of all female reproductive system cancers. This year alone, nearly 20,000 women will be diagnosed with this terrible disease. During National Ovarian Cancer Awareness Month, we honor the memories of all the women we have tragically lost. We reaffirm our support for all the brave women living with ovarian cancer and all those who have survived it. And we thank their loved ones, who stand loyally by their side, and the medical researchers, health care providers, and caretakers who fight tirelessly to save lives every day.

In our decades-long fight to find cures for cancers, scientists have made incredible breakthroughs and discovered better ways to prevent, detect, and treat them. But for ovarian cancer, in particular, there remains no reliable method for asymptomatic screening and detection, which can delay a diagnosis until the cancer has become deadly. Even after a diagnosis has been made, the flood of medical information, appointments, procedures, and financial expenses is overwhelming. And too often, families, caregivers, and patients are left to advocate for themselves for effective care.

Jill and I know from personal experience that a cancer diagnosis takes a severe toll on the whole family. That is why I made fighting cancer a top priority for our Administration. I reignited the Biden Cancer Moonshot with the goal of cutting the cancer death rate by at least 50 percent over 25 years and improving the experience of patients and loved ones. I established the Advanced Research Projects Agency for Health, securing \$4 billion in bipartisan funding to support scientists, innovators, and public health professionals who are pioneering efforts to prevent, detect, and treat cancer and other life-threatening and life-altering diseases. And we delivered new reimbursement codes so that, for the first time ever, families facing cancer can get patient navigation services paid for through Medicare, Medicaid, and private insurance. Cancer navigation services are personalized assistance to patients, caregivers, and families to help guide them through the many decisions and challenges that come with a cancer diagnosis, which has been shown to reduce cancer disparities, improve health outcomes, and make an enormous difference in people's lives.

My Administration has also been working hard to make cancer treatments more affordable. I am proud to strengthen Medicaid and the Affordable Care Act (ACA) by expanding health care coverage to millions of Americans—saving millions of families \$800 per year on health insurance premiums. And through the Inflation Reduction Act, we are capping total out-of-pocket prescription drug costs for seniors and others with Medicare at \$2,000 per year—including for ovarian cancer medications, which can cost more than \$10,000 per year.

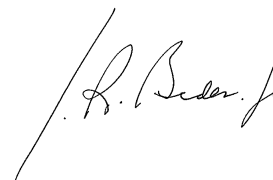
Additionally, because early detection is essential to beating ovarian cancer, my Administration is working to ensure that every American can access life-saving cancer screenings. During my first year in office, we expanded coverage under the ACA, which requires insurers to pay for recommended cancer screenings and primary care visits. I encourage all women to discuss

risk factors with their doctors and remain vigilant against symptoms. Experts recommend that patients with a personal or family history of breast or ovarian cancer—or whose ancestry is associated with harmful gene variants—discuss risk factors with their doctors to see if genetic counseling and testing is appropriate.

During National Ovarian Cancer Awareness Month, let us resolve to doing all we can together to provide patients, survivors, and their families the treatments, care, and support they need and deserve. Let us rededicate ourselves to the urgent work of increasing awareness about ovarian cancer so that we can save more lives more quickly. And let us never lose hope or waver in our resolve to ending cancer as we know it—for all the lives lost and all those we can still save.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Ovarian Cancer Awareness Month. I call upon the people of the United States to speak with their doctors and health care providers to learn more about ovarian cancer. I encourage citizens, government agencies, private businesses, nonprofit organizations, the media, and other interested groups to increase awareness of what Americans can do to detect and treat ovarian cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

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Proclamation 10797 of August 30, 2024

National Preparedness Month, 2024

By the President of the United States of America

A Proclamation

During National Preparedness Month, we honor our first responders for their bravery in helping us respond to natural disasters, and we recommit to equipping Americans with the resources they need to overcome the climate crisis and bouts of extreme weather and emerge stronger, more resilient, and more secure.

Across the country, historic heat waves, flooding, and fires have tragically claimed the lives of too many Americans. These crises have impacted communities by keeping children out of schools, hurting small businesses, and destroying infrastructure—and they are only getting more ferocious and costly with climate change. Disasters affect people across our Nation, but the most vulnerable among us typically bear the greatest impacts—from housing insecurity to financial hardship.

My Administration has taken historic action to prepare and protect communities and make our Nation more resilient. Thanks to the Bipartisan Infrastructure Law and Inflation Reduction Act, we are investing more than \$50 billion in climate resilience, ensuring communities can prepare for and recover from extreme weather events. For example, we are elevating roads and bridges over projected flood zones, and we are upgrading buildings to make them stronger and more energy efficient. We are also planting trees to protect neighborhoods from extreme heat.

Since taking office, Vice President Harris and I have traveled across the country and directed our team to meet people where they are when they need our help the most. To that end, we have made substantial changes to our Federal assistance policies, making it easier for disaster survivors to receive much-needed support and resources. The Federal Emergency Management Agency (FEMA) has expanded benefits for Americans applying for disaster relief and simplified the disaster assistance application process, reducing the burden on overwhelmed families and individuals. My Administration also secured \$6.8 billion for FEMA under the Bipartisan Infrastructure Law to support communities suffering from disaster and avoid future disaster. In total, we have provided hundreds of billions of dollars in disaster relief funding to communities nationwide, including FEMA public and individual assistance, Small Business Administration disaster assistance loans, COVID Economic Injury Disaster Loans, and other supplemental funds.

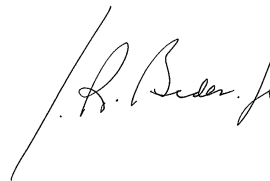
There is still more work to do to improve the safety and security of our country, so my Administration has also taken steps to protect Americans' lives and livelihoods. No American should worry about how they will get the care they need if disaster strikes. That is why we have expanded the Affordable Care Act and lowered the cost of health care for Americans and working families. We have also created new jobs that strengthen our country and ensure that we have the resources we need—especially in times of crisis. To get prepared and learn more about how to keep your family and community ready, visit [Ready.gov](https://www.ready.gov) or [Listo.gov](https://www.listo.gov) for Spanish speakers.

During National Preparedness Month, we recommit to ensuring that our Nation is ready for any challenge that comes our way. We support efforts

to keep Americans safe, and we encourage optimism and preparation for our shared future.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Preparedness Month. I encourage all Americans to recognize the importance of preparedness and work together to enhance our resilience and readiness.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

A handwritten signature in black ink, appearing to read "J. R. Biden Jr.", with a long, sweeping horizontal line extending to the left.

Presidential Documents

Proclamation 10798 of August 30, 2024

National Prostate Cancer Awareness Month, 2024

By the President of the United States of America

A Proclamation

Too many Americans know the grief of losing a father, son, brother, or friend to prostate cancer. Nearly 300,000 American men get diagnosed with this terrible disease and over 35,000 people lose their lives to it, making prostate cancer the second leading cause of cancer death for men. This National Prostate Cancer Awareness Month, we mourn all the courageous men we have tragically lost too soon to prostate cancer. We honor the extraordinary resilience of those currently living with and surviving this disease. And we thank the families who tirelessly support their loved ones every step of the way.

Despite the enormous strides made over the last few decades in fighting and treating prostate cancer, challenges persist. Far too many men—approximately one in every eight—will be diagnosed in their lifetime. Furthermore, the disease disproportionately affects Black and Hispanic men. And too many patients and their families are left to decipher complex medical information alone, are saddled with the overwhelming cost of treatment, and are forced to advocate for effective medical care for their loved ones.

I came into office committed to putting our country's best minds and resources toward ending cancer as we know it. Toward that aim, I reignited the Cancer Moonshot with the goal of cutting the cancer death rate by at least 50 percent over 25 years. I secured \$4 billion in bipartisan funding for the Advanced Research Projects Agency for Health to pioneer new breakthroughs in preventing, detecting, and treating cancer and other life-threatening diseases. The Departments of Defense and Veterans Affairs expanded research efforts to provide more service members and veterans facing prostate cancer with the opportunity to participate in clinical studies to learn about this disease and develop new treatment approaches. And the National Institutes of Health is funding groundbreaking research to better treat prostate cancer in the early stages and help people with prostate cancer live longer, healthier lives.

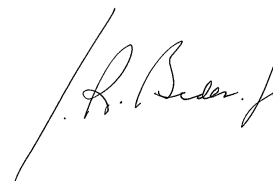
I believe that health care is a right, not a privilege. That is why my Administration is working to ensure that every American has free access to a doctor by expanding and strengthening coverage under the Affordable Care Act, Medicaid, and Medicare. Now, millions of Americans have access to free cancer screenings and primary care visits, and millions of families are saving approximately \$800 per year on their health insurance premiums. I also signed the Inflation Reduction Act, which will soon cap total out-of-pocket prescription drug costs for people on Medicare at \$2,000 per year, which could save beneficiaries with prostate cancer thousands per year. Additionally, we are making cancer navigation resources, which guide families through the diagnosis and treatment process, more accessible—from transportation to the hospital to determining how to pay for the exorbitant health care costs. I am proud that, since I took office, millions of Americans have gained access to these critical services for the first time.

During National Prostate Cancer Awareness Month, we are reminded that early detection and screening are critical to beating prostate cancer. Experts recommend that men—especially those at high risk for cancer—discuss

screening for prostate cancer with their doctors. This month and every month, let us come together and recommit to finally ending cancer as we know it—for all the lives we have tragically lost and the lives we can still save.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Prostate Cancer Awareness Month. I encourage citizens, government agencies, private businesses, nonprofit organizations, and other interested groups to join in activities that will increase awareness of what Americans can do to prevent and cure prostate cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

A handwritten signature in black ink, appearing to read "Joe Biden", with a long, sweeping horizontal line extending to the left.

Presidential Documents

Proclamation 10799 of August 30, 2024

National Recovery Month, 2024

By the President of the United States of America

A Proclamation

This month, we recognize the more than 21 million Americans in recovery from substance use disorder. They exemplify courage, hope, and resilience as they seek new beginnings and help countless others find pathways to healing. People in recovery serve in every sector of society as business leaders, public servants, community leaders, and more. During National Recovery Month, we celebrate their contributions, and we honor the loved ones who have supported them on their recovery journeys. We also reaffirm our commitment to making sure every American has the resources they need to recover and thrive.

Substance use disorder impacts Americans in communities nationwide. Too many families have lost their children, siblings, parents, and friends to substance misuse and overdose. Every loss is a painful call to action. With adequate support and resources, recovery is possible. Our Nation is stronger when people in recovery do well.

The main goal of my Administration's National Drug Control Strategy is to save lives. My Administration is taking steps to provide the resources needed to ensure people can achieve and sustain recovery, no matter where they are. The Substance Abuse and Mental Health Services Administration opened the Office of Recovery to improve community-based recovery services across the country. And last year, we released the Recovery-Ready Workplace Toolkit to help employers create a safe and healthy work environment, reduce stigmatization of people with substance use disorder and mental illness, and promote treatment and recovery services.

We are also disrupting the flow of illicit drugs across our borders and into our neighborhoods; increasing prevention efforts; and expanding access to treatment for substance use disorder and mental health conditions, overdose reversal medications, and recovery services. Under my Administration, Federal law enforcement agents are keeping more deadly drugs out of our communities than ever before. Officials have stopped more illicit fentanyl at ports of entry over the last 2 fiscal years than in the previous 5 fiscal years combined. The Department of Justice has prosecuted thousands of drug traffickers, and the Department of the Treasury has sanctioned more than 300 people and organizations involved in the global illicit drug trade. And in July 2024, I issued a National Security Memorandum that calls on all relevant Federal departments and agencies to work collaboratively to do even more to disrupt the supply of illicit drugs.

We have expanded access to life-saving treatments, like medications to treat opioid use disorder, and have increased the number of health care providers who can prescribe these medications by 15 times. In February 2024, the Department of Health and Human Services issued a rule to comprehensively update the regulations in governing Opioid Treatment Programs for the first time in 20 years—removing barriers to the treatment of substance use disorder and expanding access to care. My Administration has made historic investments in the State Opioid Response and Tribal Opioid Response programs to improve prevention; expand treatment; and deliver free, life-saving

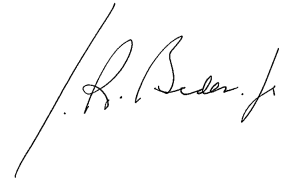
medications across America. Already, this program has delivered nearly 10 million kits of opioid overdose reversal medications, such as naloxone.

And I have proposed a Budget that includes \$1.8 billion for recovery, including over \$200 million of Federal Substance Use Prevention, Treatment, and Recovery Services Block Grant program funding for recovery support services to help all Americans access health care, no matter where they are in their recovery process, as well as \$22 billion to expand substance use treatment and help more Americans achieve and stay in recovery.

During National Recovery Month, we support everyone in their journey to and during recovery. We recommit to helping them live long, successful, and healthy lives, and we thank them for their contributions to our country. And we continue to ensure that those battling substance use disorder are supported.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Recovery Month. I call upon all citizens, government agencies, private businesses, nonprofit organizations, and other groups to take action to promote recovery and improve the health of our Nation.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

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Presidential Documents

Proclamation 10800 of August 30, 2024

National Sickle Cell Awareness Month, 2024

By the President of the United States of America

A Proclamation

Every person in this country deserves to live a healthy and fulfilling life, but nationwide, approximately 100,000 Americans have Sickle Cell Disease (SCD)—a painful genetic blood disorder that causes life-threatening complications such as strokes, infections, and organ damage. Those living with SCD often have to put the goals and plans of everyday life on hold because of the chronic pain and serious health difficulties associated with it. During National Sickle Cell Awareness Month, we recommit to finding a cure for SCD, supporting those who suffer from the disease, and addressing the health disparities that exist in communities across our Nation.

From dealing with the costs of expensive medical treatments and unplanned hospital trips to facing stigma and lacking access to health care providers with SCD expertise, many living with the disease face barriers to getting care, and there is no widely available cure. Though SCD impacts people of all backgrounds, it disproportionately affects Black and Hispanic Americans. Many children in the United States living with SCD are not receiving the treatments they need to prevent serious complications, and adults too often struggle with uncoordinated and fragmented care.

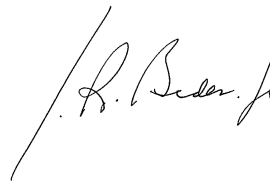
My Administration is working to deliver for people with SCD and their families—and that work begins with following the science to find new, improved treatments. Last year, the Food and Drug Administration approved the first gene therapies to treat those living with SCD and offer long-lasting results for SCD patients. They have also approved new drug therapies that can help people with SCD manage pain. And the National Institutes of Health is working to improve the quality of life for people with SCD. Those efforts include funding clinical trials for SCD pain management, identifying cost-effective drugs to treat SCD, and finding therapies that can lead to a full recovery.

At the same time, my Administration is working to make treatment for SCD more accessible and affordable to help close health disparities. We are empowering people with SCD on Medicare and Medicaid to have greater access to cell and gene therapy treatments. This will give hope to thousands of Americans with this rare and severe disease while improving health outcomes, increasing access to treatment, and lowering health care costs. The Health Resources and Services Administration (HRSA) is also expanding access to quality care for those with SCD through community-based organizations, ensuring they are taken care of no matter if they are at home or in the hospital. HRSA also provides resources to families whose newborns were diagnosed with SCD from the moment they were screened and throughout their treatment. Additionally, the Centers for Disease Control and Prevention has expanded data collection efforts to better target resources to regions of the United States with the greatest need for SCD support. And the Office of the National Coordinator for Health Information Technology is improving data collection and coordination efforts to drive more effective research, increase integrated care, and improve health outcomes for individuals with SCD and their families.

During National Sickle Cell Awareness Month, we recommit to finding better treatments, developing a cure, and celebrating the courage and resilience of all those living with this terrible disease. We also find hope in the health care professionals, researchers, and scientists working tirelessly to find transformative treatments for SCD.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Sickle Cell Awareness Month. I call upon the people of the United States to learn more about Sickle Cell Disease and the progress we are making to reduce the burden of this disease on our fellow Americans.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

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Presidential Documents

Proclamation 10801 of August 30, 2024

National Wilderness Month, 2024

By the President of the United States of America

A Proclamation

America's beautiful natural landscapes are part of our Nation's identity, history, and heritage. One century ago, the Gila Wilderness was established as our country's first designated wilderness area, protecting this national treasure and beginning a new era of Federal conservation. Across our Nation, designated wilderness areas protect some of our most precious sites—soaring mountains, winding rivers, expansive deserts, and lush forests. These special places unite us, inspire us, and connect us to something bigger than ourselves. During National Wilderness Month, we recommit to the essential work of protecting our Earth, celebrate our country's natural places, and continue our work to ensure that every community has access to nature's gifts.

By conserving our wilderness, we not only protect key pieces of our Nation's history—we also protect the livelihoods of people who depend on our lands and waters. We protect and preserve Tribal communities' sacred landscapes. We sustain wildlife and conserve landscapes to help fight climate change and improve our Nation's resilience. And we ensure that generations of Americans will be able to enjoy the beauty and power of our country's wilderness today and into the future.

That is why my Administration set the most ambitious conservation goal ever—committing to conserve at least 30 percent of all our Nation's lands and waters by 2030. That goal is at the heart of my “America the Beautiful” initiative to support locally led, voluntary conservation and restoration efforts across the country. To that end, my Administration has made historic investments to protect our shared natural heritage, such as investing \$1.4 billion in ecosystem restoration and resilience through the Bipartisan Infrastructure Law.

To date, my Administration has conserved more than 41 million acres of our Nation's lands and waters. I restored protections for the desert buttes of both the Bears Ears National Monument and the Grand Staircase-Escalante National Monument in Utah and the underwater canyons of Northeast Canyons and Seamounts Marine National Monument. I established six new national monuments, including the Baaj Nwaavjo I'tah Kukveni in Arizona and the Avi Kwa Ame National Monument in Nevada. And I expanded the San Gabriel Mountains National Monument and the Berryessa Snow Mountain National Monument in California.

Further, I withdrew the United States Arctic Ocean from new oil and gas leasing. And I took executive action to consider designating more than 700,000 square miles of the Pacific Ocean southwest of Hawaii as a new National Marine Sanctuary, which could make this one of the largest marine protected areas on the planet.

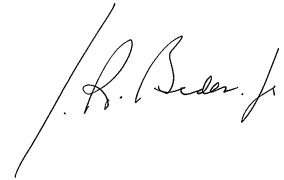
My Administration is taking action to harness our natural resources in the fight against climate change; protect our forests; and improve the health of our Nation's lands, waters, and wildlife. Together, we can continue to advance locally led and locally supported proposals for conserving our most unique and beautiful lands and waters. And we can continue our

partnership with Tribal Nations, working together as co-stewards and ensuring that Indigenous Knowledge is respectfully included in the care of our natural heritage.

During National Wilderness Month, may we celebrate the people who steward and care for our Nation's designated wilderness areas. And may we continue to protect and conserve these areas so that generations of Americans will know their beauty, serenity, and power.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2024 as National Wilderness Month. I encourage all Americans to experience our Nation's outdoor heritage, to recreate responsibly and leave no trace, to celebrate the value of preserving an enduring wilderness, and to strengthen our commitment to protecting these vital lands and waters now and for future generations.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

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Presidential Documents

Proclamation 10802 of August 30, 2024

Labor Day, 2024

By the President of the United States of America

A Proclamation

Every year on Labor Day, we celebrate the dignity of America's workers and the labor unions they have built. I often say that Wall Street did not build America—the middle class built America, and unions built the middle class. Labor unions have done so much for our Nation—giving workers a voice at the workplace, raising standards on the job, and fighting for better benefits and wages for us all. Today, we honor the pioneers who fought for the rights of working people, pay tribute to the dedication of our American workforce, and honor the enduring movement that powers our economy and strengthens our Nation.

My father taught me from a young age that a job is about far more than just a paycheck—it is about your dignity. When I came into office, too many people had lost both their paychecks and their sense of dignity. Our economy was failing working-class and union families. Decades of trickle-down economics sent jobs overseas, shut down factories, and hollowed out our communities. People had lost their sense of pride, their security, and their pathway to the middle class.

That is why I promised to be the most pro-labor, pro-union President in history and ensure unions have the support they need to fight for our workers. Last year, the Department of the Treasury released a comprehensive report detailing how unions are not just good for union workers but non-union workers as well, showing that union growth helps to build a strong middle class in America. I am proud to be the first sitting President to walk the picket line to support workers who were striking for better conditions. I am also proud that, to date, we have created nearly 16 million new jobs, including almost 800,000 manufacturing jobs and nearly 900,000 construction jobs. In fact, investment in construction of new factories has nearly tripled since I took office. My Administration announced more than 60,000 projects to rebuild America's roads, bridges, airports, ports, and more through our Bipartisan Infrastructure Law. Wages are up, inflation is down, and we have had the fastest recovery of any advanced economy in the world since the pandemic started.

Furthermore, we are positioning American workers to lead the world in innovation. I signed the Inflation Reduction Act, the largest investment in clean energy and climate action in history, creating nearly 335,000 clean energy jobs according to outside estimates. I also signed the CHIPS and Science Act to bring semiconductor manufacturing back home and ensure that America's clean energy jobs go to American workers. To date, we have attracted nearly \$900 billion in private-sector commitments to invest in manufacturing and clean energy. I am proud that this manufacturing boom we ignited is being done with American products and led by American workers—the most highly skilled workers in the world—because of “Made in America” provisions that I championed and my Administration enforced.

Today, more Americans are joining the workforce, and we have the highest share of working-age Americans in the workforce in over 20 years. And over the past 2 years, more workers have been petitioning for union representation. To ensure those workers have a voice on the job, I have required

the use of project labor agreements for nearly all large-scale Federal construction projects. I have also strengthened Davis-Bacon requirements to guarantee that prevailing wages pay workers what they deserve and enacted the Butch Lewis Act—the most significant law for union retirement security in 50 years—that has protected the pensions of 1 million union workers. We issued a rule that expands overtime protections to millions of workers, and my Administration is working to crack down on noncompete agreements, which prevent 30 million Americans from taking new, higher-paying jobs.

My Administration is also making sure that workers feel safe and secure on the job. That is why the Department of Labor is proposing a new rule that will establish the Nation's first-ever Federal safety standard for excessive heat in the workplace. That rule includes developing a response to heat illness, training employees and supervisors, implementing rest breaks, and ensuring access to shade and water. And we are limiting workers' exposure to toxic materials like silica dust to prevent them from developing preventable and irreversible illnesses. My Administration also issued a rule to ensure that workers are empowered to have a representative accompany an Occupational Safety and Health Administration official during workplace inspections.

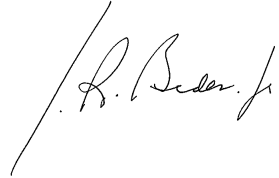
I have long believed that workers deserve a seat at the table and an opportunity to join a union, organize, and bargain collectively with their employer without coercion or intimidation. That is why I appointed people who actually care about American workers to the National Labor Relations Board. And I established the White House Task Force on Worker Organizing and Empowerment, led by Vice President Harris, which resulted in over 70 actions to promote worker organizing and collective bargaining.

As we look to the future, my Administration is creating long-term pathways to help people secure good-paying jobs, including union jobs. We invested nearly \$730 million to expand Registered Apprenticeships, which support the education and training needs of apprentices across the country. And I signed an Executive Order that expands Registered Apprenticeship programs in the Federal workforce, encourages Federal agencies to hire people who have participated in these programs, and increases workers' voices in Federal programs and contracts.

This Labor Day, let us stand in solidarity with America's workers, who are the engines behind our Nation's prosperity. Let us celebrate labor unions, who give voice to our workers and ensure they are given the dignity, respect, and protections in the workplace that they deserve. And let us recommit to ensuring that every hardworking American has a fair shot at achieving the promise of the American Dream for generations to come.

NOW, THEREFORE, I, JOSEPH R. BIDEN JR., President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim September 2, 2024, as Labor Day. I call upon all public officials and people of the United States to observe this day with appropriate programs, ceremonies, and activities that honor the energy and innovation of working Americans.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand twenty-four, and of the Independence of the United States of America the two hundred and forty-ninth.

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Rules and Regulations

Federal Register

Vol. 89, No. 172

Thursday, September 5, 2024

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.

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

NUCLEAR REGULATORY COMMISSION

10 CFR Part 72

[NRC–2024–0120]

RIN 3150–AL19

List of Approved Spent Fuel Storage Casks: NAC International, Inc. MAGNASTOR® Storage System, Certificate of Compliance No. 1031, Amendment No. 13

AGENCY: Nuclear Regulatory Commission.

ACTION: Direct final rule.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is amending its spent fuel storage regulations by revising the NAC International, Inc. MAGNASTOR® Storage System listing within the “List of approved spent fuel storage casks” to include Amendment No. 13 to Certificate of Compliance No. 1031. Amendment No. 13 revises the certificate of compliance to add a new type of radioactive contents to be stored inside the MAGNASTOR® transportable storage canister, add a new design configuration for the canister to accommodate the fuel bearing material and new canister components, and use an alternate compressive strength for concrete cask no. 6 of 6,000 psi.

DATES: This direct final rule is effective November 19, 2024, unless significant adverse comments are received by October 7, 2024. If this direct final rule is withdrawn as a result of such comments, timely notice of the withdrawal will be published in the **Federal Register**. Comments received after this date will be considered if it is practical to do so, but the NRC is able to ensure consideration only for comments received on or before this date. Comments received on this direct final rule will also be considered to be comments on a companion proposed rule published in the Proposed Rules

section of this issue of the **Federal Register**.

ADDRESSES: Submit your comments, identified by Docket ID NRC–2024–0120, at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, call or email the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

You can read a plain language description of this direct final rule at <https://www.regulations.gov/docket/NRC-2024-0120>. 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: George Tartal, Office of Nuclear Material Safety and Safeguards; telephone: 301–415–0016, email: george.tartal@nrc.gov and Nishka Devaser, telephone: 301–415–5196, email: nishka.devaser@nrc.gov. Both are staff of the U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

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- VIII. Environmental Assessment and Finding of No Significant Impact
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- XIV. Availability of Documents

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2024–0120 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–2024–0120. Address questions about NRC dockets to Helen Chang, telephone: 301–415–3228, email: Helen.Chang@nrc.gov. For technical

questions contact the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **NRC’s Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select “Begin Web-based ADAMS Search.” For problems with ADAMS, please contact the NRC’s Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737, or by email to PDR.Resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the “Availability of Documents” section.

- **NRC’s PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (<https://www.regulations.gov>). Please include Docket ID NRC–2024–0120 in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at <https://www.regulations.gov> as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Rulemaking Procedure

This rule is limited to the changes contained in Amendment No. 13 to Certificate of Compliance No. 1031 and does not include other aspects of the NAC International, Inc. MAGNASTOR® Storage System design. The NRC is using the “direct final rule procedure” to issue this amendment because it represents a limited and routine change to an existing certificate of compliance that is expected to be non-controversial. Adequate protection of public health and safety continues to be reasonably assured. The amendment to the rule will become effective on November 19, 2024. However, if the NRC receives any significant adverse comment on this direct final rule by October 7, 2024, then the NRC will publish a document that withdraws this action and will subsequently address the comments received in a final rule as a response to the companion proposed rule published in the Proposed Rules section of this issue of the **Federal Register** or as otherwise appropriate. In general, absent significant modifications to the proposed revisions requiring republication, the NRC will not initiate a second comment period on this action.

A significant adverse comment is a comment where the commenter explains why the rule would be inappropriate, including challenges to the rule’s underlying premise or approach, or would be ineffective or unacceptable without a change. A comment is adverse and significant if:

(1) The comment opposes the rule and provides a reason sufficient to require a substantive response in a notice-and-comment process. For example, a substantive response is required when:

(a) The comment causes the NRC to reevaluate (or reconsider) its position or conduct additional analysis;

(b) The comment raises an issue serious enough to warrant a substantive response to clarify or complete the record; or

(c) The comment raises a relevant issue that was not previously addressed or considered by the NRC.

(2) The comment proposes a change or an addition to the rule, and it is apparent that the rule would be ineffective or unacceptable without incorporation of the change or addition.

(3) The comment causes the NRC to make a change (other than editorial) to the rule, certificate of compliance, or technical specifications.

III. Background

Section 218(a) of the Nuclear Waste Policy Act of 1982, as amended, requires that “[t]he Secretary [of the

Department of Energy] shall establish a demonstration program, in cooperation with the private sector, for the dry storage of spent nuclear fuel at civilian nuclear power reactor sites, with the objective of establishing one or more technologies that the [Nuclear Regulatory] Commission may, by rule, approve for use at the sites of civilian nuclear power reactors without, to the maximum extent practicable, the need for additional site-specific approvals by the Commission.” Section 133 of the Nuclear Waste Policy Act states, in part, that “[t]he Commission shall, by rule, establish procedures for the licensing of any technology approved by the Commission under Section 219(a) [sic: 218(a)] for use at the site of any civilian nuclear power reactor.”

To implement this mandate, the Commission approved dry storage of spent nuclear fuel in NRC-approved casks under a general license by publishing a final rule that added a new subpart K in part 72 of title 10 of the *Code of Federal Regulations* (10 CFR) entitled “General License for Storage of Spent Fuel at Power Reactor Sites” (55 FR 29181; July 18, 1990). This rule also established a new subpart L in 10 CFR part 72 entitled “Approval of Spent Fuel Storage Casks,” which contains procedures and criteria for obtaining NRC approval of spent fuel storage cask designs. The NRC subsequently issued a final rule on November 21, 2008 (73 FR 70587), that approved the NAC International, Inc. MAGNASTOR® Storage System design and added it to the list of NRC-approved cask designs in § 72.214 as Certificate of Compliance No. 1031.

IV. Discussion of Changes

On July 13, 2022, NAC International, Inc. submitted a request to the NRC to amend Certificate of Compliance No. 1031. NAC International, Inc. and supplemented its request on the following dates: October 13, 2022, November 30, 2022, June 27, 2023, August 17, 2023, and September 15, 2023 (ADAMS Accession Nos. ML22287A038, ML22321A269, ML23178A225, ML23229A481, and ML23258A233, respectively).

Amendment No. 13 revises the certificate of compliance to add a new type of radioactive contents (fuel bearing material (FBM) from the damaged Three Mile Island Unit 2 reactor) to be stored inside the MAGNASTOR® transportable storage canister (TSC) and to include concrete with a compressive strength of 6,000 psi for concrete cask number 6 as an alternate to the previously approved 8,000 psi compressive strength.

Additionally, Amendment No. 13 adds a new design configuration of the TSC (the FBM TSC) to accommodate the FBM and the TSC internal components. The new configuration includes: (1) reducing closure lid assembly thickness of the TSC and removing the hydrostatic pressure test; (2) adding a new waste basket liner (WBL) (based on the Greater-Than-Class C Waste WBL) made from stainless steel in lieu of the fuel basket for the storage of FBM inside the FBM TSC; (3) adding a new debris material container to be used as an operational device to handle and house finer debris; and (4) adding a new segmented tube assembly to define cells for loading.

As documented in the preliminary safety evaluation report, the NRC performed a safety evaluation of the proposed certificate of compliance amendment request. The NRC determined that this amendment does not reflect a significant change in design or fabrication of the cask. Specifically, the NRC determined that the design of the cask would continue to maintain confinement, shielding, and criticality control in the event of each evaluated accident condition. In addition, any resulting occupational exposure or offsite dose rates from the implementation of Amendment No. 13 would remain well within the limits specified by 10 CFR part 20, “Standards for Protection Against Radiation.” Therefore, the NRC found there will be no significant change in the types or amounts of any effluent released, no significant increase in the individual or cumulative radiation exposure, and no significant increase in the potential for or consequences from radiological accidents.

The NRC staff determined that the amended NAC International, Inc. MAGNASTOR® Storage cask design, when used under the conditions specified in the certificate of compliance, the technical specifications, and the NRC’s regulations, will meet the requirements of 10 CFR part 72; therefore, adequate protection of public health and safety will continue to be reasonably assured. When this direct final rule becomes effective, persons who hold a general license under § 72.210 may, consistent with the license conditions under § 72.212, load spent nuclear fuel, in the form of FBM, into NAC International, Inc. MAGNASTOR® Storage System cask design that meet the criteria of Amendment No. 13 to Certificate of Compliance No. 1031.

The NRC is clarifying that Amendment 13 to Certificate of Compliance No. 1031 does not involve

storage of spent fuel assemblies as is the case for most certificate of compliance applications. Rather, this amendment involves storage of FBM, which includes components associated with deposited fuel and fission products from the damaged Three Mile Island Unit 2 reactor, inside the transportable storage canister. This amendment also involves adding a new design configuration of the transportable storage canister to accommodate the FBM and the new transportable storage canister internal components. A waste basket liner is proposed to replace the fuel basket structure for storage of FBM. Because this configuration involves only deposited fuel and fission products rather than entire spent fuel assemblies, the storage of the materials is of lower risk significance than that of the storage of spent fuel assemblies. The NRC's safety evaluation considered the design changes proposed for this amendment and concluded that they meet the requirements of 10 CFR part 72.

V. Voluntary Consensus Standards

The National Technology Transfer and Advancement Act of 1995 (Pub. L. 104–113) requires that Federal agencies use technical standards that are developed or adopted by voluntary consensus standards bodies unless the use of such a standard is inconsistent with applicable law or otherwise impractical. In this direct final rule, the NRC revises the NAC International, Inc. MAGNASTOR® Storage Cask System design listed in § 72.214, “List of approved spent fuel storage casks.” This action does not constitute the establishment of a standard that contains generally applicable requirements.

VI. Agreement State Compatibility

Under the “Agreement State Program Policy Statement” approved by the Commission on October 2, 2017, and published in the **Federal Register** on October 18, 2017 (82 FR 48535), this rule is classified as Compatibility Category NRC—Areas of Exclusive NRC Regulatory Authority. The NRC program elements in this category are those that relate directly to areas of regulation reserved to the NRC by the Atomic Energy Act of 1954, as amended, or the provisions of 10 CFR chapter I. Therefore, compatibility is not required for program elements in this category.

VII. Plain Writing

The Plain Writing Act of 2010 (Pub. L. 111–274) requires Federal agencies to write documents in a clear, concise, and well-organized manner. The NRC has written this document to be consistent

with the Plain Writing Act as well as the Presidential Memorandum, “Plain Language in Government Writing,” published June 10, 1998 (63 FR 31885).

VIII. Environmental Assessment and Finding of No Significant Impact

Under the National Environmental Policy Act of 1969, as amended, and the NRC's regulations in 10 CFR part 51, “Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions,” the NRC has determined that this direct final rule, if adopted, would not be a major Federal action significantly affecting the quality of the human environment and, therefore, an environmental impact statement is not required. The NRC has made a finding of no significant impact on the basis of this environmental assessment.

A. The Action

The action is to amend § 72.214 to revise the NAC International, Inc. MAGNASTOR® Storage System listing within the “List of approved spent fuel storage casks” to include Amendment No. 13 to Certificate of Compliance No. 1031.

B. The Need for the Action

This direct final rule amends the certificate of compliance for the NAC International, Inc. MAGNASTOR® Storage System design within the list of approved spent fuel storage casks to allow power reactor licensees to store spent fuel, in the form of FBM, at reactor sites in casks with the approved modifications under a general license. Specifically, Amendment No. 13 revises the certificate of compliance to add a new type of radioactive contents (FBM from the damaged Three Mile Island Unit 2 reactor) to be stored inside the MAGNASTOR® transportable storage canister (TSC) and to include concrete with a compressive strength of 6,000 psi for concrete cask number 6 as an alternate to the previously approved 8,000 psi compressive strength. Additionally, Amendment No. 13 adds a new design configuration of the TSC (the FBM TSC) to accommodate the FBM and the TSC internal components. The new configuration includes: (1) reducing closure lid assembly thickness of the TSC and removing the hydrostatic pressure test; (2) adding a new waste basket liner (WBL) (based on the Greater-Than-Class C Waste WBL) made from stainless steel in lieu of the fuel basket, for the storage of FBM inside the FBM TSC; (3) adding a new debris material container to be used as an operational device to handle and house finer debris; and (4) adding a new

segmented tube assembly to define cells for loading.

C. Environmental Impacts of the Action

On July 18, 1990 (55 FR 29181), the NRC issued an amendment to 10 CFR part 72 to provide for the storage of spent fuel under a general license in cask designs approved by the NRC. The potential environmental impact of using NRC-approved storage casks was analyzed in the environmental assessment for the 1990 final rule. The environmental assessment for Amendment No. 13 tiers off of the environmental assessment for the July 18, 1990, final rule. Tiering on past environmental assessments is a standard process under the National Environmental Policy Act of 1969, as amended.

The NAC International, Inc. MAGNASTOR® Storage System is designed to mitigate the effects of design basis accidents that could occur during storage. Design basis accidents account for human-induced events and the most severe natural phenomena reported for the site and surrounding area. Postulated accidents analyzed for an independent spent fuel storage installation, the type of facility at which a holder of a power reactor operating license would store spent fuel in casks in accordance with 10 CFR part 72, can include tornado winds and tornado-generated missiles, a design basis earthquake, a design basis flood, an accidental cask drop, lightning effects, fire, explosions, and other incidents.

This amendment does not reflect a significant change in design or fabrication of the cask. Because there are no significant design or process changes, any resulting occupational exposure or offsite dose rates from the implementation of Amendment No. 13 would remain well within the 10 CFR part 20 limits. The NRC has also determined that the design of the cask as modified by this rule would maintain confinement, shielding, and criticality control in the event of an accident. Therefore, the proposed changes will not result in any radiological or non-radiological environmental impacts that significantly differ from the environmental impacts evaluated in the environmental assessment supporting the July 18, 1990, final rule. There will be no significant change in the types or significant revisions in the amounts of any effluent released, no significant increase in the individual or cumulative radiation exposures, and no significant increase in the potential for, or consequences from, radiological accidents. The NRC documented its

safety findings in the preliminary safety evaluation report.

D. Alternative to the Action

The alternative to this action is to deny approval of Amendment No. 13 and not issue the direct final rule. Consequently, any 10 CFR part 72 general licensee that seeks to load spent nuclear fuel, in the form of FBM, into NAC International, Inc. MAGNASTOR® Storage System in accordance with the changes described in proposed Amendment No. 13 would have to request an exemption from the requirements of §§ 72.212 and 72.214. Under this alternative, interested licensees would have to prepare, and the NRC would have to review, a separate exemption request, thereby increasing the administrative burden upon the NRC and the costs to each licensee. The environmental impacts would be the same as the proposed action.

E. Alternative Use of Resources

Approval of Amendment No. 13 to Certificate of Compliance No. 1031 would result in no irreversible commitment of resources.

F. Agencies and Persons Contacted

No agencies or persons outside the NRC were contacted in connection with the preparation of this environmental assessment.

G. Finding of No Significant Impact

The environmental impacts of the action have been reviewed under the requirements in the National Environmental Policy Act of 1969, as amended, and the NRC's regulations in subpart A of 10 CFR part 51, "Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions." Based on the foregoing environmental assessment, the NRC concludes that this direct final rule, "List of Approved Spent Fuel Storage Casks: NAC International, Inc. MAGNASTOR® Storage System Certificate of Compliance No. 1031, Amendment No. 13" will not have a significant effect on the human environment. Therefore, the NRC has determined that an environmental impact statement is not necessary for this direct final rule.

IX. Paperwork Reduction Act Statement

This direct final rule does not contain any new or amended collections of information subject to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). Existing collections of information were approved by the

Office of Management and Budget, approval number 3150–0132.

Public Protection Notification

The NRC may not conduct or sponsor, and a person is not required to respond to, a request for information or an information collection requirement unless the requesting document displays a currently valid Office of Management and Budget control number.

X. Regulatory Flexibility Certification

Under the Regulatory Flexibility Act of 1980 (5 U.S.C. 605(b)), the NRC certifies that this direct final rule will not, if issued, have a significant economic impact on a substantial number of small entities. This direct final rule affects only nuclear power plant licensees and NAC International, Inc. These entities do not fall within the scope of the definition of small entities set forth in the Regulatory Flexibility Act or the size standards established by the NRC (§ 2.810).

XI. Regulatory Analysis

On July 18, 1990 (55 FR 29181), the NRC issued an amendment to 10 CFR part 72 to provide for the storage of spent nuclear fuel under a general license in cask designs approved by the NRC. Any nuclear power reactor licensee can use NRC-approved cask designs to store spent nuclear fuel if (1) it notifies the NRC in advance; (2) the spent fuel is stored under the conditions specified in the cask's certificate of compliance; and (3) the conditions of the general license are met. A list of NRC-approved cask designs is contained in § 72.214. On November 21, 2008 (73 FR 70587), the NRC issued an amendment to 10 CFR part 72 that approved the NAC International, Inc. MAGNASTOR® Storage System design by adding it to the list of NRC-approved cask designs in § 72.214.

On July 13, 2022, NAC International, Inc. submitted a request to amend Certificate of Compliance No. 1031. NAC International, Inc. and supplemented its request on the following dates: October 13, 2022, November 30, 2022, June 27, 2023, August 17, 2023, and September 15, 2023 (ADAMS Accession Nos. ML22287A038, ML22321A269, ML23178A225, ML23229A481, and ML23258A233, respectively) as described in Section IV "Discussion of Changes," of this document.

The alternative to this action is to withhold approval of Amendment No. 13 and to require any 10 CFR part 72 general licensee seeking to load spent nuclear fuel, including FBM, into the

NAC International, Inc. MAGNASTOR® Storage System under the changes described in Amendment No. 13 to request an exemption from the requirements of §§ 72.212 and 72.214. Under this alternative, each interested 10 CFR part 72 licensee would have to prepare, and the NRC would have to review, a separate exemption request, thereby increasing the administrative burden upon the NRC and the costs to each licensee.

Approval of this direct final rule is consistent with previous NRC actions. Further, as documented in the preliminary safety evaluation report and environmental assessment, this direct final rule will have no adverse effect on public health and safety or the environment. This direct final rule has no significant identifiable impact or benefit on other government agencies. Based on this regulatory analysis, the NRC concludes that the requirements of this direct final rule are commensurate with the NRC's responsibilities for public health and safety and the common defense and security. No other available alternative is believed to be as satisfactory; therefore, this action is recommended.

XII. Backfitting and Issue Finality

The NRC has determined that the backfit rule (§ 72.62) does not apply to this direct final rule. Therefore, a backfit analysis is not required. This direct final rule revises Certificate of Compliance No. 1031 for the NAC International, Inc. MAGNASTOR® Storage System, as currently listed in § 72.214. The revision consists of the changes in Amendment No. 13 previously described, as set forth in the revised certificate of compliance and technical specifications.

Amendment No. 13 to Certificate of Compliance No. 1031 for the NAC International, Inc. MAGNASTOR® Storage System was initiated by NAC International, Inc. and was not submitted in response to new NRC requirements, or an NRC request for amendment. Amendment No. 13 applies only to new casks fabricated and used under Amendment No. 13. These changes do not affect existing users of the NAC International, Inc. MAGNASTOR® Storage System, and the current Amendment No. 12 continues to be effective for existing users. While current users of this storage system may comply with the new requirements in Amendment No. 13, this would be a voluntary decision on the part of current users.

For these reasons, Amendment No. 13 to Certificate of Compliance No. 1031 does not constitute backfitting under § 72.62 or § 50.109(a)(1), or otherwise

represent an inconsistency with the issue finality provisions applicable to combined licenses in 10 CFR part 52. Accordingly, the NRC has not prepared a backfit analysis for this rulemaking.

XIII. Congressional Review Act

This direct final rule is not a rule as defined in the Congressional Review Act.

XIV. Availability of Documents

The documents identified in the following table are available to interested persons as indicated.

Document	ADAMS accession No./web link/ Federal Register citation
Proposed Renewed Certificate of Compliance and Proposed Technical Specifications	
Memorandum to REFS for Issuance of Amendment No. 13	ML24075A113 (Package).
Preliminary Safety Evaluation Report for CoC 1031 Amendment 13	ML24075A118.
Proposed Certificate of Compliance No. 1031 Amendment 13	ML24075A115.
Proposed CoC 1031 Amendment 13 TS Appendix A	ML24075A116.
Proposed CoC 1031 Amendment 13 TS Appendix B	ML24075A117.
Enclosure 2—Safety Evaluation Report, NAC International, Inc	ML090350589.
NAC International, Inc. MAGNASTOR® Storage System Amendment No. 13 Request Documents	
NAC, Submittal of an Amendment Request for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML22194A908.
Supplement to the Submission of an Amendment Request for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML22287A038.
Enclosure 1—List of Changes for MAGNASTOR FSAR Amendment 13, Supplement 02, Revision 22D	ML22321A269.
Submittal of Supplemental Responses to the Nuclear Regulatory Commission's (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23178A480 (Package).
Submission of Replacement Pages for Supplemental Responses to the Nuclear Regulatory Commission's (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23258A233.
Submission of Responses to the Nuclear Regulatory Commission's (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23178A224 (Package).
Three Mile Island Nuclear Station, Unit 2 (TMI-2), License Amendment Request—Decommissioning Technical Specifications, Response to Request for Additional Information.	ML22276A024.
Forwards amend 48 to license DPR-73 & safety evaluation. Amend extensively modifies App A & B TSs consistent w/plans for post defueling monitoring storage of facility.	ML20059D154.
Other Documents	
NUREG-2215 "Standard Review Plan for Spent Fuel Dry Storage Systems and Facilities" Final Report	ML20121A190.
Issuance of Amendment No. 12	ML23328A396 (Package).

The NRC may post materials related to this document, including public comments, on the Federal rulemaking website at <https://www.regulations.gov> under Docket ID NRC-2024-0120. In addition, the Federal rulemaking website allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC-2024-0120); (2) click the "Subscribe" link; and (3) enter an email address and click on the "Subscribe" link.

List of Subjects in 10 CFR Part 72

Administrative practice and procedure, Hazardous waste, Indians, Intergovernmental relations, Nuclear energy, Penalties, Radiation protection, Reporting and recordkeeping requirements, Security measures, Spent fuel, Whistleblowing.

For the reasons set out in the preamble and under the authority of the Atomic Energy Act of 1954, as amended; the Energy Reorganization Act of 1974, as amended; the Nuclear Waste Policy Act of 1982, as amended; and 5 U.S.C. 552 and 553; the NRC is adopting the

following amendments to 10 CFR part 72:

PART 72—LICENSING REQUIREMENTS FOR THE INDEPENDENT STORAGE OF SPENT NUCLEAR FUEL, HIGH-LEVEL RADIOACTIVE WASTE, AND REACTOR-RELATED GREATER THAN CLASS C WASTE

■ 1. The authority citation for part 72 continues to read as follows:

Authority: Atomic Energy Act of 1954, secs. 51, 53, 57, 62, 63, 65, 69, 81, 161, 182, 183, 184, 186, 187, 189, 223, 234, 274 (42 U.S.C. 2071, 2073, 2077, 2092, 2093, 2095, 2099, 2111, 2201, 2210e, 2232, 2233, 2234, 2236, 2237, 2238, 2273, 2282, 2021); Energy Reorganization Act of 1974, secs. 201, 202, 206, 211 (42 U.S.C. 5841, 5842, 5846, 5851); National Environmental Policy Act of 1969 (42 U.S.C. 4332); Nuclear Waste Policy Act of 1982, secs. 117(a), 132, 133, 134, 135, 137, 141, 145(g), 148, 218(a) (42 U.S.C. 10137(a), 10152, 10153, 10154, 10155, 10157, 10161, 10165(g), 10168, 10198(a)); 44 U.S.C. 3504 note.

■ 2. In § 72.214, Certificate of Compliance No. 1031 is revised to read as follows:

§ 72.214 List of approved spent fuel storage casks.

* * * * *

Certificate Number: 1031.

Initial Certificate Effective Date:

February 4, 2009, superseded by Initial Certificate, Revision 1, on February 1, 2016, superseded by Initial Certificate, Revision 2 on October 16, 2023.

Amendment Number 1 Effective Date:

August 30, 2010, superseded by Amendment Number 1, Revision 1, on February 1, 2016, superseded by Amendment Number 1, Revision 2, on October 16, 2023.

Amendment Number 2 Effective Date:

January 30, 2012, superseded by Amendment Number 2, Revision 1, on February 1, 2016, superseded by Amendment Number 2, Revision 2 on October 16, 2023.

Amendment Number 3 Effective Date:

July 25, 2013, superseded by Amendment Number 3, Revision 1, on February 1, 2016, superseded by

Amendment Number 3, Revision 2 on October 16, 2023.

Amendment Number 4 Effective Date: April 14, 2015, superseded by Amendment Number 4, Revision 1, on October 16, 2023.

Amendment Number 5 Effective Date: June 29, 2015, superseded by Amendment Number 5, Revision 1, on October 16, 2023.

Amendment Number 6 Effective Date: December 21, 2016, superseded by Amendment Number 6, Revision 1, on October 16, 2023.

Amendment Number 7 Effective Date: August 21, 2017, as corrected (ADAMS Accession No. ML19045A346), superseded by Amendment Number 7, Revision 1, on October 16, 2023.

Amendment Number 8, Effective Date: March 24, 2020, superseded by Amendment Number 8, Revision 1, on October 16, 2023.

Amendment Number 9, Effective Date: December 7, 2020, superseded by Amendment Number 9, Revision 1, on October 16, 2023.

Amendment Number 10, Effective Date: January 18, 2023.

Amendment Number 11, Effective Date: October 16, 2023.

Amendment Number 12, Effective Date: October 16, 2023.

Amendment Number 13 Effective Date: November 19, 2024.

SAR Submitted by: NAC International, Inc.

SAR Title: Final Safety Analysis Report for the MAGNASTOR® System. *Docket Number:* 72-1031.

Certificate Expiration Date: February 4, 2029.

Model Number: MAGNASTOR®.

* * * * *

Dated: August 21, 2024.

For the Nuclear Regulatory Commission.

Mirela Gavrilas,

Executive Director for Operations.

[FR Doc. 2024-19894 Filed 9-4-24; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

10 CFR Part 72

[NRC-2024-0105]

RIN 3150-AL18

List of Approved Spent Fuel Storage Casks: Holtec International HI-STORM 100 Cask System, Certificate of Compliance No. 1014, Renewed Amendment No. 18

AGENCY: Nuclear Regulatory Commission.

ACTION: Direct final rule.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is amending its spent fuel storage regulations by revising the Holtec International HI-STORM 100 Cask System listing within the “List of approved spent fuel storage casks” to include Renewed Amendment No. 18 to Certificate of Compliance No. 1014. Renewed Amendment No. 18 amends the certificate of compliance to incorporate the Holtec Report No. HI-2200343-A entitled, “Topical Report for Allowance of Heat Load Patterns in HI-STORM 100 and HI-STORM FW Systems.”

DATES: This direct final rule is effective November 19, 2024, unless significant adverse comments are received by October 7, 2024. If this direct final rule is withdrawn as a result of such comments, timely notice of the withdrawal will be published in the **Federal Register**. Comments received after this date will be considered if it is practical to do so, but the NRC is able to ensure consideration only for comments received on or before this date. Comments received on this direct final rule will also be considered to be comments on a companion proposed rule published in the Proposed Rules section of this issue of the **Federal Register**.

ADDRESSES: Submit your comments, identified by Docket ID NRC-2024-0105 at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, call or email the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

You can read a plain language description of this direct final rule at <https://www.regulations.gov/docket/NRC-2024-0105>. 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:

Christian Jacobs, Office of Nuclear Material Safety and Safeguards; telephone: 301-415-6825; email: Christian.Jacobs@nrc.gov or Sarah Lopas, Office of Nuclear Material Safety and Safeguards; telephone: 301-415-6360; email: Sarah.Lopas@nrc.gov. Both are staff of the U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

SUPPLEMENTARY INFORMATION:

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I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC-2024-0105 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-2024-0105. Address questions about NRC dockets to Helen Chang, telephone: 301-415-3228, email: Helen.Chang@nrc.gov. For technical questions contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select “Begin Web-based ADAMS Search.” For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, 301-415-4737, or by email to PDR.Resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the “Availability of Documents” section.

- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1-800-397-4209 or 301-415-4737, between 8 a.m. and 4 p.m. eastern time, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (<https://www.regulations.gov>). Please include Docket ID NRC-2024-0105 in your comment submission.

The NRC cautions you not to include identifying or contact information that

you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at <https://www.regulations.gov> as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Rulemaking Procedure

This rule is limited to the changes contained in Renewed Amendment No. 18 to Certificate of Compliance No. 1014 and does not include other aspects of the HI-STORM 100 Cask System design. The NRC is using the “direct final rule procedure” to issue this amendment because it represents a limited and routine change to an existing certificate of compliance that is expected to be non-controversial. Adequate protection of public health and safety continues to be reasonably assured. The amendment to the rule will become effective on November 19, 2024. However, if the NRC receives any significant adverse comment on this direct final rule by September 26, 2024, then the NRC will publish a document that withdraws this action and will subsequently address the comments received in a final rule as a response to the companion proposed rule published in the Proposed Rules section of this issue of the **Federal Register** or as otherwise appropriate. In general, absent significant modifications to the proposed revisions requiring republication, the NRC will not initiate a second comment period on this action.

A significant adverse comment is a comment where the commenter explains why the rule would be inappropriate, including challenges to the rule’s underlying premise or approach, or would be ineffective or unacceptable without a change. A comment is adverse and significant if:

(1) The comment opposes the rule and provides a reason sufficient to require a substantive response in a notice-and-comment process. For example, a substantive response is required when:

(a) The comment causes the NRC to reevaluate (or reconsider) its position or conduct additional analysis;

(b) The comment raises an issue serious enough to warrant a substantive response to clarify or complete the record; or

(c) The comment raises a relevant issue that was not previously addressed or considered by the NRC.

(2) The comment proposes a change or an addition to the rule, and it is apparent that the rule would be ineffective or unacceptable without incorporation of the change or addition.

(3) The comment causes the NRC to make a change (other than editorial) to the rule, certificate of compliance, or technical specifications.

III. Background

Section 218(a) of the Nuclear Waste Policy Act of 1982, as amended, requires that “[t]he Secretary [of the Department of Energy] shall establish a demonstration program, in cooperation with the private sector, for the dry storage of spent nuclear fuel at civilian nuclear power reactor sites, with the objective of establishing one or more technologies that the [Nuclear Regulatory] Commission may, by rule, approve for use at the sites of civilian nuclear power reactors without, to the maximum extent practicable, the need for additional site-specific approvals by the Commission.” Section 133 of the Nuclear Waste Policy Act states, in part, that “[t]he Commission shall, by rule, establish procedures for the licensing of any technology approved by the Commission under Section 219(a) [sic: 218(a)] for use at the site of any civilian nuclear power reactor.”

To implement this mandate, the Commission approved dry storage of spent nuclear fuel in NRC-approved casks under a general license by publishing a final rule that added a new subpart K in part 72 of title 10 of the *Code of Federal Regulations* (10 CFR) entitled “General License for Storage of Spent Fuel at Power Reactor Sites” (55 FR 29181; July 18, 1990). This rule also established a new subpart L in 10 CFR part 72 entitled “Approval of Spent Fuel Storage Casks,” which contains procedures and criteria for obtaining NRC approval of spent fuel storage cask designs. The NRC subsequently issued a final rule on May 1, 2000 (65 FR 25241), that approved the HI-STORM 100 Cask System design and added it to the list of NRC-approved cask designs in § 72.214 as Certificate of Compliance No. 1014.

IV. Discussion of Changes

On December 15, 2021 (ML21349B418), Holtec International submitted a request to the NRC to amend Certificate of Compliance No.

1014. Holtec International supplemented its request on the following dates: September 2, 2022 (ML22245A103), May 26, 2023 (ML23146A138), September 8, 2023 (ML23251A250), December 4, 2023 (ML23338A304), January 18, 2024 (ML24018A198), and February 15, 2024 (ML24046A254). Renewed Amendment No. 18 amends the certificate of compliance to incorporate the Holtec Report No. HI-2200343-A entitled, “Topical Report for Allowance of Heat Load Patterns in HI-STORM 100 and HI-STORM FW Systems” (ML24018A198).

As documented in the preliminary safety evaluation report, the NRC performed a safety evaluation of the proposed certificate of compliance amendment request. The NRC determined that this amendment does not reflect a significant change in design or fabrication of the cask. Specifically, the NRC determined that the design of the cask would continue to maintain confinement, shielding, and criticality control in the event of each evaluated accident condition. In addition, any resulting occupational exposure or offsite dose rates from the implementation of Renewed Amendment No. 18 would remain well within the limits specified by 10 CFR part 20, “Standards for Protection Against Radiation.” Thus, the NRC found there will be no significant change in the types or amounts of any effluent released, no significant increase in the individual or cumulative radiation exposure, and no significant increase in the potential for or consequences from radiological accidents.

The NRC staff determined that the amended HI-STORM 100 Cask System design, when used under the conditions specified in the certificate of compliance, the technical specifications, and the NRC’s regulations, will meet the requirements of 10 CFR part 72; therefore, adequate protection of public health and safety will continue to be reasonably assured. When this direct final rule becomes effective, persons who hold a general license under § 72.210 may, consistent with the license conditions under § 72.212, load spent nuclear fuel into HI-STORM 100 cask systems that meet the criteria of Renewed Amendment No. 18 to Certificate of Compliance No. 1014.

V. Voluntary Consensus Standards

The National Technology Transfer and Advancement Act of 1995 (Pub. L. 104–113) requires that Federal agencies use technical standards that are

developed or adopted by voluntary consensus standards bodies unless the use of such a standard is inconsistent with applicable law or otherwise impractical. In this direct final rule, the NRC revises the HI-STORM 100 Cask System design listed in § 72.214, “List of approved spent fuel storage casks.” This action does not constitute the establishment of a standard that contains generally applicable requirements.

VI. Agreement State Compatibility

Under the “Agreement State Program Policy Statement” approved by the Commission on October 2, 2017, and published in the **Federal Register** on October 18, 2017 (82 FR 48535), this rule is classified as Compatibility Category NRC—Areas of Exclusive NRC Regulatory Authority. The NRC program elements in this category are those that relate directly to areas of regulation reserved to the NRC by the Atomic Energy Act of 1954, as amended, or the provisions of 10 CFR chapter I. Therefore, compatibility is not required for program elements in this category.

VII. Plain Writing

The Plain Writing Act of 2010 (Pub. L. 111–274) requires Federal agencies to write documents in a clear, concise, and well-organized manner. The NRC has written this document to be consistent with the Plain Writing Act as well as the Presidential Memorandum, “Plain Language in Government Writing,” published June 10, 1998 (63 FR 31885).

VIII. Environmental Assessment and Finding of No Significant Impact

Under the National Environmental Policy Act of 1969, as amended, and the NRC’s regulations in 10 CFR part 51, “Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions,” the NRC has determined that this direct final rule, if adopted, would not be a major Federal action significantly affecting the quality of the human environment and, therefore, an environmental impact statement is not required. The NRC has made a finding of no significant impact on the basis of this environmental assessment.

A. The Action

The action is to amend § 72.214 to revise the Holtec International HI-STORM 100 listing within the “List of approved spent fuel storage casks” to include Renewed Amendment No. 18 to Certificate of Compliance No. 1014.

B. The Need for the Action

This direct final rule amends the certificate of compliance for the Holtec International HI-STORM 100 design within the list of approved spent fuel storage casks to allow power reactor licensees to store spent fuel at reactor sites in casks with the approved modifications under a general license. Specifically, Renewed Amendment No. 18 amends the certificate of compliance to incorporate the Holtec Report No. HI-2200343–A entitled, “Topical Report for Allowance of Heat Load Patterns in HI-STORM 100 and HI-STORM FW Systems.”

C. Environmental Impacts of the Action

On July 18, 1990 (55 FR 29181), the NRC issued an amendment to 10 CFR part 72 to provide for the storage of spent fuel under a general license in cask designs approved by the NRC. The potential environmental impact of using NRC-approved storage casks was analyzed in the environmental assessment for the 1990 final rule. The environmental assessment for this Renewed Amendment No. 18 tiers off of the environmental assessment for the July 18, 1990, final rule. Tiering on past environmental assessments is a standard process under the National Environmental Policy Act of 1969, as amended.

The Holtec International HI-STORM 100 Cask System is designed to mitigate the effects of design basis accidents that could occur during storage. Design basis accidents account for human-induced events and the most severe natural phenomena reported for the site and surrounding area. Postulated accidents analyzed for an independent spent fuel storage installation, the type of facility at which a holder of a power reactor operating license would store spent fuel in casks in accordance with 10 CFR part 72, can include tornado winds and tornado-generated missiles, a design basis earthquake, a design basis flood, an accidental cask drop, lightning effects, fire, explosions, and other incidents.

This amendment does not reflect a significant change in design or fabrication of the cask. Because there are no significant design or process changes, any resulting occupational exposure or offsite dose rates from the implementation of Renewed Amendment No. 18 would remain well within the 10 CFR part 20 limits. The NRC has also determined that the design of the cask as modified by this rule would maintain confinement, shielding, and criticality control in the event of an accident. Therefore, the proposed

changes will not result in any radiological or non-radiological environmental impacts that significantly differ from the environmental impacts evaluated in the environmental assessment supporting the July 18, 1990, final rule. There will be no significant change in the types or significant revisions in the amounts of any effluent released, no significant increase in the individual or cumulative radiation exposures, and no significant increase in the potential for, or consequences from, radiological accidents. The NRC documented its safety findings in the preliminary safety evaluation report.

D. Alternative to the Action

The alternative to this action is to deny approval of Renewed Amendment No. 18 and not issue the direct final rule. Consequently, any 10 CFR part 72 general licensee that seeks to load spent nuclear fuel into the Holtec International HI-STORM 100 Cask System in accordance with the changes described in proposed Renewed Amendment No. 18 would have to request an exemption from the requirements of §§ 72.212 and 72.214. Under this alternative, interested licensees would have to prepare, and the NRC would have to review, a separate exemption request, thereby increasing the administrative burden upon the NRC and the costs to each licensee. The environmental impacts would be the same as the proposed action.

E. Alternative Use of Resources

Approval of Renewed Amendment No. 18 to Certificate of Compliance No. 1014 would result in no irreversible commitment of resources.

F. Agencies and Persons Contacted

No agencies or persons outside the NRC were contacted in connection with the preparation of this environmental assessment.

G. Finding of No Significant Impact

The environmental impacts of the action have been reviewed under the requirements in the National Environmental Policy Act of 1969, as amended, and the NRC’s regulations in subpart A of 10 CFR part 51, “Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions.” Based on the foregoing environmental assessment, the NRC concludes that this direct final rule, “List of Approved Spent Fuel Storage Casks: Holtec International HI-STORM 100 Cask System Certificate of Compliance No. 1014, Renewed Amendment No. 18,” will not have a

significant effect on the human environment. Therefore, the NRC has determined that an environmental impact statement is not necessary for this direct final rule.

IX. Paperwork Reduction Act Statement

This direct final rule does not contain any new or amended collections of information subject to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). Existing collections of information were approved by the Office of Management and Budget, approval number 3150–0132.

Public Protection Notification

The NRC may not conduct or sponsor, and a person is not required to respond to, a request for information or an information collection requirement unless the requesting document displays a currently valid Office of Management and Budget control number.

X. Regulatory Flexibility Certification

Under the Regulatory Flexibility Act of 1980 (5 U.S.C. 605(b)), the NRC certifies that this direct final rule will not, if issued, have a significant economic impact on a substantial number of small entities. This direct final rule affects only nuclear power plant licensees and Holtec International. These entities do not fall within the scope of the definition of small entities set forth in the Regulatory Flexibility Act or the size standards established by the NRC (10 CFR 2.810).

XI. Regulatory Analysis

On July 18, 1990 (55 FR 29181), the NRC issued an amendment to 10 CFR part 72 to provide for the storage of spent nuclear fuel under a general license in cask designs approved by the NRC. Any nuclear power reactor licensee can use NRC-approved cask designs to store spent nuclear fuel if (1) it notifies the NRC in advance; (2) the spent fuel is stored under the conditions specified in the cask's certificate of compliance; and (3) the conditions of the general license are met. A list of

NRC-approved cask designs is contained in § 72.214. On May 1, 2000 (65 FR 25241), the NRC issued an amendment to 10 CFR part 72 that approved the Holtec International HI–STORM 100 Cask Design system by adding it to the list of NRC-approved cask designs in § 72.214.

On December 15, 2021, and as supplemented on September 2, 2022, May 26, 2023, September 8, 2023, December 4, 2023, January 18, 2024, and February 15, 2024, Holtec International submitted a request to amend the Holtec International HI–STORM 100 Cask Design system, as described in Section IV, “Discussion of Changes,” of this document.

The alternative to this action is to withhold approval of Renewed Amendment No. 18 and to require any 10 CFR part 72 general licensee seeking to load spent nuclear fuel into the Holtec International HI–STORM 100 Cask System design under the changes described in Renewed Amendment No. 18 to request an exemption from the requirements of §§ 72.212 and 72.214. Under this alternative, each interested 10 CFR part 72 licensee would have to prepare, and the NRC would have to review, a separate exemption request, thereby increasing the administrative burden upon the NRC and the costs to each licensee.

Approval of this direct final rule is consistent with previous NRC actions. Further, as documented in the preliminary safety evaluation report and environmental assessment, this direct final rule will have no adverse effect on public health and safety or the environment. This direct final rule has no significant identifiable impact or benefit on other government agencies. Based on this regulatory analysis, the NRC concludes that the requirements of this direct final rule are commensurate with the NRC's responsibilities for public health and safety and the common defense and security. No other available alternative is believed to be as satisfactory; therefore, this action is recommended.

XII. Backfitting and Issue Finality

The NRC has determined that the backfit rule (§ 72.62) does not apply to this direct final rule. Therefore, a backfit analysis is not required. This direct final rule revises Certificate of Compliance No. 1014 for the Holtec International HI–STORM 100 Cask System design, as currently listed in § 72.214. The amendment consists of the changes in Renewed Amendment No. 18 previously described, as set forth in the amended certificate of compliance and technical specifications.

Renewed Amendment No. 18 to Certificate of Compliance No. 1014 for the Holtec International HI–STORM 100 Cask System design was initiated by Holtec International and was not submitted in response to new NRC requirements, or an NRC request for amendment. Renewed Amendment No. 18 applies only to new casks fabricated and used under Renewed Amendment No. 18. These changes do not affect existing users of the Holtec International HI–STORM 100 Cask System design, and previously issued renewed amendments continue to be effective for existing users. While current users of this storage system may comply with the new requirements in Renewed Amendment No. 18, this would be a voluntary decision on the part of current users.

For these reasons, Renewed Amendment No. 18 to Certificate of Compliance No. 1014 does not constitute backfitting under § 72.62 or § 50.109(a)(1), or otherwise represent an inconsistency with the issue finality provisions applicable to combined licenses in 10 CFR part 52. Accordingly, the NRC has not prepared a backfit analysis for this rulemaking.

XIII. Congressional Review Act

This direct final rule is not a rule as defined in the Congressional Review Act.

XIV. Availability of Documents

The documents identified in the following table are available to interested persons as indicated.

Document	ADAMS accession No./ Federal Register citation
Proposed Certificate of Compliance, Proposed Technical Specifications, and Preliminary Safety Evaluation Report for Certificate of Compliance No. 1014, Renewed Amendment No. 18	
User Need Rulemaking Package for Certificate of Compliance No. 1014, HI–STORM 100 Cask System, Renewed Amendment No. 18.	ML24095A039 (package).
Environmental Documents	
Environmental Assessment for Proposed Rule Entitled, “Storage of Spent Nuclear Fuel in NRC-Approved Storage Casks at Nuclear Power Reactor Sites.” (1989).	ML051230231.

Document	ADAMS accession No./ Federal Register citation
"Environmental Assessment and Finding of No Significant Impact for the Final Rule Amending 10 CFR Part 72 License and Certificate of Compliance Terms" (2010).	ML100710441.
Generic Environmental Impact Statement for Continued Storage of Spent Nuclear Fuel: Final Report (NUREG-2157, Volumes 1 and 2) (2014).	ML14198A440 (package).
"Storage of Spent Fuel In NRC-Approved Storage Casks at Power Reactor Sites" Final Rule (July 18, 1990)	55 FR 29181.
Holtec International HI-STORM 100 Cask Design System Amendment No. 18 Request Documents	
Holtec International, Submittal of HI-STORM 100 Request for Amendment No. 18, dated December 15, 2021	ML21349B418 (package).
Holtec International, HI-STORM 100 Amendment No. 18 Responses to Requests for Supplemental Information, dated September 2, 2022.	ML22245A103 (package).
Holtec International—Submittal of RAI Responses on HI-STORM 100 Amendment No. 18, dated May 26, 2023	ML23146A138 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated September 8, 2023.	ML23251A250 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated December 4, 2023.	ML23338A304 (package).
Holtec Report No. HI-2200343-A, "Topical Report for Allowance of Heat Load Patterns in HI-STORM 100 and HI-STORM FW Systems" (January 18, 2024).	ML24018A198 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated February 15, 2024.	ML24046A254 (package).
Other Documents	
"Agreement State Program Policy Statement; Correction" (October 18, 2017)	82 FR 48535.
Plain Language in Government Writing, dated June 10, 1998	63 FR 31885.
Storage of Spent Fuel In NRC-Approved Storage Casks at Power Reactor Sites: Final Rule, dated July 18, 1990 ..	55 FR 29181.
List of Approved Spent Fuel Storage Casks: Holtec HI-STORM 100 Addition, dated May 1, 2000	65 FR 25241.

The NRC may post materials related to this document, including public comments, on the Federal rulemaking website at <https://www.regulations.gov> under Docket ID NRC-2024-0105. In addition, the Federal rulemaking website allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC-2024-0105); (2) click the "Subscribe" link; and (3) enter an email address and click on the "Subscribe" link.

List of Subjects in 10 CFR Part 72

Administrative practice and procedure, Hazardous waste, Indians, Intergovernmental relations, Nuclear energy, Penalties, Radiation protection, Reporting and recordkeeping requirements, Security measures, Spent fuel, Whistleblowing.

For the reasons set out in the preamble and under the authority of the Atomic Energy Act of 1954, as amended; the Energy Reorganization Act of 1974, as amended; the Nuclear Waste Policy Act of 1982, as amended; and 5 U.S.C. 552 and 553; the NRC is adopting the following amendments to 10 CFR part 72:

PART 72—LICENSING REQUIREMENTS FOR THE INDEPENDENT STORAGE OF SPENT NUCLEAR FUEL, HIGH-LEVEL RADIOACTIVE WASTE, AND REACTOR-RELATED GREATER THAN CLASS C WASTE

■ 1. The authority citation for part 72 continues to read as follows:

Authority: Atomic Energy Act of 1954, secs. 51, 53, 57, 62, 63, 65, 69, 81, 161, 182, 183, 184, 186, 187, 189, 223, 234, 274 (42 U.S.C. 2071, 2073, 2077, 2092, 2093, 2095, 2099, 2111, 2201, 2210e, 2232, 2233, 2234, 2236, 2237, 2238, 2273, 2282, 2021); Energy Reorganization Act of 1974, secs. 201, 202, 206, 211 (42 U.S.C. 5841, 5842, 5846, 5851); National Environmental Policy Act of 1969 (42 U.S.C. 4332); Nuclear Waste Policy Act of 1982, secs. 117(a), 132, 133, 134, 135, 137, 141, 145(g), 148, 218(a) (42 U.S.C. 10137(a), 10152, 10153, 10154, 10155, 10157, 10161, 10165(g), 10168, 10198(a)); 44 U.S.C. 3504 note.

■ 2. In § 72.214, Certificate Number 1014 is revised to read as follows:

§ 72.214 List of approved spent fuel storage casks.

* * * * *

Certificate Number: 1014.

Initial Certificate Effective Date: May 31, 2000, superseded by *Renewed Initial Certificate Effective Date:* August 2, 2023.

Amendment Number 1 Effective Date: July 15, 2002, superseded by *Renewed Amendment Number 1 Effective Date:* August 2, 2023.

Amendment Number 2 Effective Date: June 7, 2005, superseded by *Renewed Amendment Number 2 Effective Date:* August 2, 2023.

Amendment Number 3 Effective Date: May 29, 2007, superseded by *Renewed Amendment Number 3 Effective Date:* August 2, 2023.

Amendment Number 4 Effective Date: January 8, 2008, superseded by *Renewed Amendment Number 4 Effective Date:* August 2, 2023.

Amendment Number 5 Effective Date: July 14, 2008, superseded by *Renewed Amendment Number 5 Effective Date:* August 2, 2023.

Amendment Number 6 Effective Date: August 17, 2009, superseded by *Renewed Amendment Number 6 Effective Date:* August 2, 2023.

Amendment Number 7 Effective Date: December 28, 2009, superseded by *Renewed Amendment Number 7 Effective Date:* August 2, 2023.

Amendment Number 8 Effective Date: May 2, 2012, as corrected on November 16, 2012 (ADAMS Accession No. ML12213A170); superseded by *Amendment Number 8, Revision 1, Effective Date:* February 16, 2016; superseded by *Renewed Amendment Number 8, Revision 1 Effective Date:* August 2, 2023.

Amendment Number 9 Effective Date: March 11, 2014, superseded by *Amendment Number 9, Revision 1, Effective Date:* March 21, 2016, as corrected on August 25, 2017 (ADAMS Accession No. ML17236A451);

superseded by *Renewed Amendment Number 9, Revision 1 Effective Date*: August 2, 2023.

Amendment Number 10 Effective Date: May 31, 2016, as corrected on August 25, 2017 (ADAMS Accession No. ML17236A452); superseded by *Renewed Amendment Number 10 Effective Date*: August 2, 2023.

Amendment Number 11 Effective Date: February 25, 2019, as corrected (ADAMS Accession No. ML19343B024); superseded by *Renewed Amendment Number 11 Effective Date*: August 2, 2023.

Amendment Number 12 Effective Date: February 25, 2019, as corrected on May 30, 2019 (ADAMS Accession No. ML19109A111); further corrected December 23, 2019 (ADAMS Accession No. ML19343A908); superseded by *Renewed Amendment Number 12 Effective Date*: August 2, 2023.

Amendment Number 13 Effective Date: May 13, 2019, as corrected on May 30, 2019 (ADAMS Accession No. ML19109A122); further corrected December 23, 2019 (ADAMS Accession No. ML19343B156); superseded by *Renewed Amendment Number 13 Effective Date*: August 2, 2023.

Amendment Number 14 Effective Date: December 17, 2019, as corrected (ADAMS Accession No. ML19343B287); superseded by *Renewed Amendment Number 14 Effective Date*: August 2, 2023.

Amendment Number 15 Effective Date: June 14, 2021, superseded by *Renewed Amendment Number 15 Effective Date*: August 2, 2023.

Renewed Amendment Number 16 [Reserved].

Renewed Amendment Number 17 Effective Date: January 16, 2024.

Renewed Amendment Number 18 Effective Date: November 19, 2024.

Safety Analysis Report (SAR)
Submitted by: Holtec International.
SAR Title: Final Safety Analysis Report for the HI-STORM 100 Cask System.

Docket Number: 72–1014.

Certificate Expiration Date: May 31, 2020.

Renewed Certificate Expiration Date: May 31, 2060.

Model Number: HI-STORM 100.

* * * * *

Dated: August 22, 2024.

For the Nuclear Regulatory Commission.

Mirela Gavrilas,

Executive Director for Operations.

[FR Doc. 2024–19801 Filed 9–4–24; 8:45 am]

BILLING CODE 7590–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2024–2132; Project Identifier MCAI–2024–00417–T; Amendment 39–22830; AD 2024–17–05]

RIN 2120–AA64

Airworthiness Directives; Airbus SAS Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for all Airbus SAS Model A330–200, –200 Freighter, –300, –800, and –900 series airplanes, and A340–200 and –300 series airplanes. This AD was prompted by a report of incorrect instructions in the aircraft maintenance manual (AMM) that specify using oxygen instead of nitrogen for a pressure test, which could lead to an uncontrolled fire during maintenance. This AD prohibits using specific AMM tasks that include the incorrect instructions, as specified in a European Union Aviation Safety Agency (EASA) AD, which is incorporated by reference. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective September 20, 2024.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of September 20, 2024.

The FAA must receive comments on this AD by October 21, 2024.

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

- *Federal eRulemaking Portal*: Go to [regulations.gov](https://www.regulations.gov). Follow the instructions for submitting comments.

- *Fax*: 202–493–2251.

- *Mail*: U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

- *Hand Delivery*: Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2024–2132; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket

contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; telephone +49 221 8999 000; email ADs@easa.europa.eu; website easa.europa.eu. You may find this material on the EASA website at ad.easa.europa.eu.

- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th Street, Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. It is also available at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2024–2132.

FOR FURTHER INFORMATION CONTACT: Vladimir Ulyanov, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 206–231–3229; email Vladimir.Ulyanov@faa.gov.

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written data, views, or arguments about this final rule. Send your comments to an address listed under the **ADDRESSES** section. Include “Docket No. FAA–2024–2132; Project Identifier MCAI–2024–00417–T” at the beginning of your comments. The most helpful comments reference a specific portion of the final rule, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this final rule because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this AD contain commercial or financial information that is customarily treated as private,

that you actually treat as private, and that is relevant or responsive to this AD, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as “PROPIN.” The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this AD. Submissions containing CBI should be sent to Vladimir Ulyanov, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 206–231–3229; email Vladimir.Ulyanov@faa.gov. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

EASA, which is the Technical Agent for the Member States of the European Union, has issued EASA AD 2024–0143, dated July 19, 2024 (EASA AD 2024–0143) (also referred to as the MCAI), to correct an unsafe condition on all Airbus SAS Model A330–201, –202, –203, –223, –223F, –243, –243F, –301, –302, –303, –321, –322, –323, –341, –342, –343, –841 and –941 airplanes; and all Airbus SAS Model A340–211, –212, –213, –311, –312 and –313 airplanes. The MCAI states that AMM Task 55–11–14–400–801–A has incorrect instructions in AMM revisions January 2024, April 2024, and July 2024. The MCAI states that a note in section 4.F.(1), (“NOTE: You can do the pressure test with dry air or oxygen”), provides incorrect instructions by indicating “oxygen” instead of “nitrogen.” If oxygen is used instead of nitrogen, it could lead to an uncontrolled fire during maintenance, with possible total loss of the airplane and potential serious injuries to people on the ground. To address the unsafe condition, the MCAI prohibits the use of the AMM task with the incorrect instructions from the effective date of the MCAI.

The FAA is issuing this AD to address the unsafe condition on these products.

You may examine the MCAI in the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2024–2132.

Material Incorporated by Reference Under 1 CFR Part 51

EASA AD 2024–0143 prohibits using AMM Task 55–11–14–400–801–A as specified in the Airbus A330/340 AMM, revision January 2024, April 2024, and July 2024. The EASA AD also notes that using certain AMM temporary revisions (TRs) (Airbus A330 AMM TR to AMM Task 55–11–14–400–801–A, based on AMM Revision dated July 2024, issue

date July 4, 2024; and Airbus A340 AMM TR to AMM Task 55–11–14–400–801–A, based on AMM Revision dated July 2024, issue date July 10, 2024; as applicable), or any AMM revision which includes the technical content of the AMM TRs, that provide correct instructions is acceptable. This material is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the ADDRESSES section.

FAA’s Determination

This product has been approved by the aviation authority of another country and is approved for operation in the United States. Pursuant to the FAA’s bilateral agreement with this State of Design Authority, it has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA is issuing this AD after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

Requirements of This AD

This AD requires accomplishing the actions specified in EASA AD 2024–0143 described previously, except for any differences identified as exceptions in the regulatory text of this AD.

Explanation of Required Compliance Information

In the FAA’s ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some civil aviation authority (CAA) ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and CAAs. As a result, EASA AD 2024–0143 is incorporated by reference in this AD. This AD requires compliance with EASA AD 2024–0143 in its entirety through that incorporation, except for any differences identified as exceptions in the regulatory text of this AD. Using common terms that are the same as the heading of a particular section in EASA AD 2024–0143 does not mean that operators need comply only with that section. For example, where the AD requirement refers to “all required actions and compliance times,” compliance with this AD requirement is not limited to the section titled “Required Action(s) and Compliance Time(s)” in EASA AD 2024–0143. Material required by EASA AD 2024–0143 for compliance will be available at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2024–2132 after this AD is published.

Justification for Immediate Adoption and Determination of the Effective Date

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

An unsafe condition exists that requires the immediate adoption of this AD without providing an opportunity for public comments prior to adoption. The FAA has found that the risk to the flying public justifies forgoing notice and comment prior to adoption of this rule because using “oxygen” instead of “nitrogen” as specified in the incorrect instructions in the note of certain AMM revisions could result an uncontrolled fire during maintenance, with possible total loss of the airplane and potential serious injuries to people on the ground. The corrective action required by this AD must be accomplished immediately. This compliance time in this AD is shorter than the time necessary for the public to comment and for publication of the final rule. Accordingly, notice and opportunity for prior public comment are impracticable and contrary to the public interest pursuant to 5 U.S.C. 553(b).

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

Regulatory Flexibility Act (RFA)

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

Costs of Compliance

The FAA estimates that this AD affects 112 airplanes of U.S. registry. The FAA estimates the following costs to comply with this AD:

The FAA has determined that the prohibition of using specific AMM tasks that include incorrect instructions (*e.g.*, by revising the existing maintenance or inspection program to include the

prohibition or, alternatively, to include the information in the AMM TRs that provide the correct instructions) takes an average of 90 work-hours per operator, although the agency recognizes that this number may vary from operator to operator. Since operators incorporate maintenance or inspection program changes for their affected fleet(s), the FAA has determined that a per-operator estimate is more accurate than a per-airplane estimate.

The FAA estimates the total cost per operator for the required actions to be \$7,650 (90 work-hours × \$85 per work-hour).

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

- (1) Is not a "significant regulatory action" under Executive Order 12866, and
- (2) Will not affect intrastate aviation in Alaska.

List of Subjects in 14 CFR Part 39

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

The Amendment

Accordingly, under the authority delegated to me by the Administrator,

the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2024-17-05 Airbus SAS: Amendment 39-22830; Docket No. FAA-2024-2132; Project Identifier MCAI-2024-00417-T.

(a) Effective Date

This airworthiness directive (AD) is effective September 20, 2024.

(b) Affected ADs

None.

(c) Applicability

This AD applies to all Airbus SAS airplanes specified in paragraphs (c)(1) and (2) of this AD, certificated in any category.

(1) Model A330-201, -202, -203, -223, -223F, -243, -243F, -301, -302, -303, -321, -322, -323, -341, -342, -343, -841 and -941 airplanes.

(2) Model A340-211, -212, -213, -311, -312, and -313 airplanes.

(d) Subject

Air Transport Association (ATA) of America Code 55, Stabilizers.

(e) Unsafe Condition

This AD was prompted by report of incorrect instructions in the aircraft maintenance manual (AMM) that specifies using oxygen instead of nitrogen for a pressure test. If oxygen is used instead of nitrogen it could lead to an uncontrolled fire during maintenance, with possible total loss of the airplane and potential serious injuries to people on the ground.

(f) Compliance

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

(g) Requirements

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in accordance with, European Union Aviation Safety Agency (EASA) AD 2024-0143, dated July 19, 2024 (EASA AD 2024-0143).

(h) Exceptions to EASA AD 2024-0143

(1) Where EASA AD 2024-0143 refers to its effective date, this AD requires using the effective date of this AD.

(2) This AD does not adopt the "Remarks" section of EASA AD 2024-0143.

(i) Additional AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International

Validation Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or responsible Flight Standards Office, as appropriate. If sending information directly to the manager of the International Validation Branch, mail it to the address identified in paragraph (j) of this AD. Information may be emailed to: AMOC@faa.gov. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the responsible Flight Standards Office.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, International Validation Branch, FAA; or EASA; or Airbus SAS's EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(j) Additional Information

For more information about this AD, contact Vladimir Ulyanov, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 206-231-3229; email Vladimir.Ulyanov@faa.gov.

(k) Material Incorporated by Reference

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

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

(3) The following material was approved for IBR on September 20, 2024.

(i) European Union Aviation Safety Agency (EASA) AD 2024-0143, dated July 19, 2024.

(ii) [Reserved]

(4) For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; telephone +49 221 8999 000; email ADs@easa.europa.eu; website easa.europa.eu. You may find this EASA material on the EASA website at ad.easa.europa.eu.

(5) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th Street, Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195.

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

Issued on August 21, 2024.

Suzanne Masterson,

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

[FR Doc. 2024-20112 Filed 9-3-24; 4:15 pm]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 39**

[Docket No. FAA-2024-2131; Project Identifier MCAI-2024-00445-T; Amendment 39-22829; AD 2024-17-04]

RIN 2120-AA64

Airworthiness Directives; Airbus Canada Limited Partnership (Type Certificate Previously Held by C Series Aircraft Limited Partnership (CSALP); Bombardier, Inc.) Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Airbus Canada Limited Partnership Model BD-500-1A10 and BD-500-1A11 airplanes. This AD was prompted by a report of a missing pintle fuse pin in the left-hand (LH) main landing gear (MLG) discovered during scheduled maintenance. This AD requires doing an inspection of the MLG pintle housing assembly to verify that the pintle fuse pins are present and correctly installed, and corrective actions if necessary, as specified in a Transport Canada Emergency AD, which is incorporated by reference. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective September 20, 2024.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of September 20, 2024.

The FAA must receive comments on this AD by October 21, 2024.

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

- *Federal eRulemaking Portal:* Go to [regulations.gov](https://www.regulations.gov). Follow the instructions for submitting comments.

- *Fax:* 202-493-2251.

- *Mail:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA-2024-2131; or in person at Docket Operations between 9 a.m. and

5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For Transport Canada material identified in this AD, contact Transport Canada, Transport Canada National Aircraft Certification, 159 Cleopatra Drive, Nepean, Ontario K1A 0N5, Canada; telephone 888-663-3639; email TC.AirworthinessDirectives-Consignesdenavigabilite.TC@tc.gc.ca; website at tc.canada.ca/en/aviation.

- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195. It is also available at [regulations.gov](https://www.regulations.gov) under Docket No. FAA-2024-2131.

FOR FURTHER INFORMATION CONTACT:

Fatin Saumik, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516-228-7300; email 9-avs-nyaco-cos@faa.gov.

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written data, views, or arguments about this final rule. Send your comments to an address listed under the **ADDRESSES** section. Include “Docket No. FAA-2024-2131; Project Identifier MCAI-2024-00445-T” at the beginning of your comments. The most helpful comments reference a specific portion of the final rule, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this final rule because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your

comments responsive to this AD contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this AD, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as “PROPIN.” The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this AD. Submissions containing CBI should be sent to Fatin Saumik, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516-228-7300; email 9-avs-nyaco-cos@faa.gov. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

Transport Canada, which is the aviation authority for Canada, has issued Transport Canada Emergency AD CF-2024-28, dated August 1, 2024 (Transport Canada Emergency AD CF-2024-28) (also referred to as the MCAI), to correct an unsafe condition for certain Model BD-500-1A10 and BD-500-1A11 airplanes. The MCAI states that during scheduled maintenance of an in-service airplane, one of the pintle fuse pins (part number C01677412-001) in the LH MLG was discovered missing. Pintle fuse pins may also be damaged due to being incorrectly installed. If a missing or damaged pintle fuse pin is not discovered immediately, it would lead to a significant redistribution of loads in the MLG assembly and reduce the capability of the MLG assembly to withstand those loads. This condition, if not corrected, could potentially result in the total collapse of the MLG during takeoff.

The FAA is issuing this AD to address the unsafe condition on these products.

You may examine the MCAI in the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA-2024-2131.

Material Incorporated by Reference Under 1 CFR Part 51

Transport Canada Emergency AD CF-2024-28 specifies procedures for performing a detail visual inspection of the MLG pintle housing assembly (left- and right-hand) for missing and incorrectly installed pintle fuse pins and corrective actions, if necessary. Corrective actions include contacting Airbus Canada Limited Partnership to report incorrectly installed or missing pintle fuse pins and to obtain approved disposition if any pintle fuse pins are missing or incorrectly installed. This

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

FAA's Determination

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

Requirements of This AD

This AD requires accomplishing the actions specified in Transport Canada Emergency AD CF-2024-28 described previously, except for any differences identified as exceptions in the regulatory text of this AD.

Explanation of Required Compliance Information

In the FAA's ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some civil aviation authority (CAA) ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and

CAAs. As a result, Transport Canada Emergency AD CF-2024-28 is incorporated by reference in this AD. This AD requires compliance with Transport Canada Emergency AD CF-2024-28 in its entirety through that incorporation, except for any differences identified as exceptions in the regulatory text of this AD. Material required by Transport Canada Emergency AD CF-2024-28 for compliance will be available at *regulations.gov* under Docket No. FAA-2024-2131 after this AD is published.

Justification for Immediate Adoption and Determination of the Effective Date

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

An unsafe condition exists that requires the immediate adoption of this AD without providing an opportunity for public comments prior to adoption. The FAA has found that the risk to the flying public justifies forgoing notice and comment prior to adoption of this rule because Transport Canada issued

an emergency AD stating that there was a missing pintle fuse pin discovered during scheduled maintenance. A missing or damaged pintle fuse pin would lead to a significant redistribution of loads in the MLG assembly and reduce the capability of the MLG assembly to withstand those loads, potentially resulting in the total collapse of the MLG during takeoff. Additionally, the compliance time in this AD is shorter than the time necessary for the public to comment and for publication of the final rule. Accordingly, notice and opportunity for prior public comment are impracticable and contrary to the public interest pursuant to 5 U.S.C. 553(b).

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

Regulatory Flexibility Act (RFA)

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

Costs of Compliance

The FAA estimates that this AD affects 129 airplanes of U.S. registry. The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Labor cost	Parts cost	Cost per product	Cost on U.S. operators
1 work-hour × \$85 per hour = \$85	\$0	\$85	\$10,965

The FAA estimates the following costs to do any necessary on-condition actions that would be required based on

the results of any required actions. The FAA has no way of determining the

number of aircraft that might need these on-condition actions:

ESTIMATED COSTS OF ON-CONDITION ACTIONS

Labor cost	Parts cost	Cost per product
2 work-hours × \$85 per hour = \$170	*\$3,500	\$3,670

* There are 8 pintle fuse pins per airplane. The FAA has no way of determining the number of pins that might need to be installed on each airplane.

According to the manufacturer, some or all 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 for affected

individuals. As a result, the FAA has included all known costs in the cost estimate.

Paperwork Reduction Act

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the

requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 2120–0056. Public reporting for this collection of information is estimated to take approximately 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. All responses to this collection of information are mandatory. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Information Collection Clearance Officer, Federal Aviation Administration, 10101 Hillwood Parkway, Fort Worth, TX 76177–1524.

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

- (1) Is not a "significant regulatory action" under Executive Order 12866, and
- (2) Will not affect intrastate aviation in Alaska.

List of Subjects in 14 CFR Part 39

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

The Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2024–17–04 Airbus Canada Limited Partnership (Type Certificate Previously Held by C Series Aircraft Limited Partnership (CSALP); Bombardier, Inc.): Amendment 39–22829; Docket No. FAA–2024–2131; Project Identifier MCAI–2024–00445–T.

(a) Effective Date

This airworthiness directive (AD) is effective September 20, 2024.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Airbus Canada Limited Partnership (Type Certificate previously held by C Series Aircraft Limited Partnership (CSALP); Bombardier, Inc.) Model BD–500–1A10 and BD–500–1A11 airplanes, certificated in any category, as identified in Transport Canada Emergency AD CF–2024–28, dated August 1, 2024 (Transport Canada Emergency AD CF–2024–28).

(d) Subject

Air Transport Association (ATA) of America Code 32, Landing Gear.

(e) Unsafe Condition

This AD was prompted by a report of a missing pintle fuse pin in the left-hand (LH) main landing gear (MLG) discovered during scheduled maintenance. The FAA is issuing this AD to address missing or damaged pintle fuse pins, which would lead to a significant redistribution of loads in the MLG assembly and reduce the capability of the MLG assembly to withstand those loads, potentially resulting in the total collapse of the MLG during takeoff.

(f) Compliance

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

(g) Requirements

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in

accordance with, Transport Canada Emergency AD CF–2024–28.

(h) Exception to Transport Canada Emergency AD CF–2024–28

Where Transport Canada Emergency AD CF–2024–28 refers to its effective date, this AD requires using the effective date of this AD.

(i) Special Flight Permit

Special flight permits may be issued in accordance with 14 CFR 21.197 and 21.199 to operate the airplane to a location where the airplane can be modified (if the operator elects to do so), provided the airplane has accumulated less than 24 flight cycles after the effective date of this AD.

(j) Additional AD Provisions

The following provisions also apply to this AD:

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

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, International Validation Branch, FAA; or Transport Canada; or Airbus Canada Limited Partnership's Transport Canada Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(k) Additional Information

For more information about this AD, contact Fatin Saumik, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; email 9-avs-nyaco-cos@faa.gov.

(l) Material Incorporated by Reference

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

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

(i) Transport Canada Emergency AD CF–2024–28, dated August 1, 2024.

(ii) [Reserved]

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

(4) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

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

Issued on August 21, 2024.

Suzanne Masterson,
Deputy Director, Integrated Certificate
Management Division, Aircraft Certification
Service.

[FR Doc. 2024–20111 Filed 9–3–24; 4:15 pm]

BILLING CODE 4910–13–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 573

[Docket No. FDA–2024–F–3882]

Food Additives Permitted in Feed and Drinking Water of Animals; *Pichia* *Pastoris* Dried Yeast

AGENCY: Food and Drug Administration,
HHS.

ACTION: Final rule; technical
amendment.

SUMMARY: The Food and Drug Administration (FDA) is amending the food additive regulations to update the organism *Pichia pastoris* which has been renamed as *Komagataella pastoris*. Additionally, the food additive regulation is being updated to include language to clarify that the yeast is non-viable in the market formulation. This action is being taken to improve the accuracy of the regulations.

DATES: This rule is effective September 5, 2024.

FOR FURTHER INFORMATION CONTACT:
Chelsea Cerrito, Center for Veterinary
Medicine, Division of Animal Food
Ingredients, Food and Drug
Administration, 12225 Wilkins Ave.,
Rockville, MD 20852, 240–402–6729,
Chelsea.Cerrito@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: FDA is amending the food additive regulation at 21 CFR 573.750 *Pichia pastoris* dried yeast for use in animal feed to update the organism *Pichia pastoris* which has been renamed as *Komagataella pastoris*. Additionally, the food additive regulation is being updated to include language to clarify that the yeast is non-viable in the market formulation. This

action is being taken to improve the accuracy of the regulations.

Publication of this document constitutes final action under the Administrative Procedure Act (5 U.S.C. 553). FDA has determined that notice and public comment are unnecessary because this amendment to the regulations provides only technical changes including updating scientific nomenclature and is nonsubstantive.

List of Subjects in 21 CFR Part 573

Animal feeds, Food additives.

Therefore, under the Federal Food, Drug, and Cosmetic Act, and the Public Health Service Act, and under the authority delegated to the Commissioner of Food and Drugs, 21 CFR part 573 is amended as follows:

PART 573—FOOD ADDITIVES PERMITTED IN FEED AND DRINKING WATER OF ANIMALS

■ 1. The authority citation for part 573 continues to read as follows:

Authority: 21 U.S.C. 321, 342, 348.

§ 573.750 [Redesignated as § 573.587]

■ 2. Redesignate § 573.750 as § 573.587.

■ 3. Amend newly redesignated § 573.587 by revising the section heading and paragraph (a) to read as follows:

§ 573.587 *Komagataella pastoris* dried yeast.

(a) *Identity.* The food additive *Komagataella pastoris* dried yeast is non-viable and may be used in feed formulations of broiler chickens as a source of protein not to exceed 10 percent by weight of the total formulation.

* * * * *

Dated: August 28, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19856 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 864

[Docket No. FDA–2024–N–3971]

Medical Devices; Hematology and Pathology Devices; Classification of the Heparin and Direct Oral Factor Xa Inhibitor Drug Test System

AGENCY: Food and Drug Administration,
HHS.

ACTION: Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA or we) is classifying the heparin and direct oral factor Xa inhibitor drug test system into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for the heparin and direct oral factor Xa inhibitor drug test system's classification. We are taking this action because we have determined that classifying the device into class II (special controls) will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices.

DATES: This order is effective September 5, 2024. The classification was applicable on September 17, 2020.

FOR FURTHER INFORMATION CONTACT: Min Wu, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 3459, Silver Spring, MD 20993–0002, 301–348–1886, Min.Wu@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Upon request, FDA has classified the heparin and direct oral factor Xa inhibitor drug test system as class II (special controls), which we have determined will provide a reasonable assurance of safety and effectiveness.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified as, and remains within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (see 21 U.S.C. 360c(f)(1)). We refer to these devices as “postamendments devices” because they were not in commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (see 21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for

premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through “De Novo” classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105–115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112–144) modified the De Novo application process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a 510(k) for a device that has not previously been classified. After receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then a request for classification, if the person determines that there is no legally marketed device upon which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to

classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo classification is considered to be the initial classification of the device.

When FDA classifies a device into class I or II via the De Novo process, the device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device (see section 513(i) of the FD&C Act, defining “substantial equivalence”). Instead, sponsors can use the 510(k) process, when necessary, to market their device.

II. De Novo Classification

On June 25, 2019, FDA received Instrumentation Laboratory Co.’s request for De Novo classification of the HemosIL Liquid Anti-Xa. FDA reviewed the request in order to classify the device under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness, but there is sufficient information to establish special controls that, in combination with the general controls,

provide reasonable assurance of the safety and effectiveness of the device for its intended use (see 21 U.S.C. 360c(a)(1)(B)). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on September 17, 2020, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21 CFR 864.7295.¹ We have named the generic type of device heparin and direct oral factor Xa inhibitor drug test system, and it is identified as a drug test system intended for the detection of heparin and direct oral factor Xa inhibitors in human specimens collected from patients taking heparin or direct oral factor Xa inhibitors. The device is intended to aid in the management of therapy in conjunction with other clinical and laboratory findings.

FDA has identified the following risks to health associated specifically with this type of device and the measures required to mitigate these risks in table 1.

TABLE 1—HEPARIN AND DIRECT ORAL FACTOR Xa INHIBITOR DRUG TEST SYSTEM; RISKS AND MITIGATION MEASURES

Identified risks to health	Mitigation measures
False positive/false negative/failed to provide a result for diagnostics	Certain analytical studies and clinical studies in design verification and validation, and Certain labeling information.

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance of safety and effectiveness. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with the special controls named in this final order. The necessary special controls appear in the regulation codified by this order. This device is subject to premarket notification requirements under section 510(k) of the FD&C Act.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of

information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval, have been approved under OMB control number 0910–0231; the collections of information in part 807, subpart E, regarding premarket notification submissions, have been approved under OMB control number 0910–0120; the

¹ FDA notes that the “ACTION” caption for this final order is styled as “Final amendment; final order,” rather than “Final order.” Beginning in December 2019, this editorial change was made to

indicate that the document “amends” the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register’s (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

collections of information in 21 CFR part 820, regarding quality system regulation, have been approved under OMB control number 0910–0073; and the collections of information in 21 CFR parts 801 and 809, regarding labeling, have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 864

Blood, Medical devices, Packaging and containers.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 864 is amended as follows:

PART 864—HEMATOLOGY AND PATHOLOGY DEVICES

■ 1. The authority citation for part 864 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 864.7295 to subpart H to read as follows:

§ 864.7295 Heparin and direct oral factor Xa inhibitor drug test system.

(a) *Identification.* A heparin and direct oral factor Xa inhibitor drug test system is intended for the detection of heparin and direct oral factor Xa inhibitors in human specimens collected from patients taking heparin or direct oral factor Xa inhibitors. This device is intended to aid in the management of therapy in conjunction with other clinical and laboratory findings.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Design verification and validation must include the following:

(i) Detailed documentation of analytical device performance studies and results demonstrating acceptable analytical performance with a sufficient number of specimens tested in order to obtain unbiased estimates of analytical performance. This documentation shall include the following as appropriate to the technology, specimen types tested, and intended use of the device:

(A) Studies and results for that demonstrate device precision including repeatability and reproducibility, using quality controls and clinical samples, when appropriate. Precision studies must assess specimens for each indicated drug at concentrations throughout the measuring range of the device including near clinically relevant levels, as appropriate. The study must evaluate different sources of variability including, as appropriate, between-run, between-operator, between-lot, between-

instrument, between-day, and between-site;

(B) Studies and results that demonstrate that the device is free from clinically significant interference, from endogenous and exogenous interferents associated with the target population(s), and interferents that are specific for, or related to, the technology or methodology of the device;

(C) Data to demonstrate appropriate specimen stability for the intended sample matrices under the intended conditions for specimen collection, handling, and storage described in the device labeling;

(D) Studies and results that demonstrate the linear range, limit of blank (LoB), limit of detection (LoD), and limit of quantitation (LoQ), as applicable to the technology of the device; and

(E) For any devices intended for use for near patient testing, studies and results that demonstrate the robustness of the device in the hands of the intended user, including the entire testing procedure, pre-analytical specimen processing steps, and results interpretation.

(ii) Detailed documentation of clinical performance testing in which the performance is analyzed relative to a comparator that FDA has determined is appropriate. Specimens must be representative of the intended use population(s) and must cover the full range of the device output and any clinically relevant decision points as appropriate.

(2) The labeling required under § 809.10(b) of this chapter must include:

(i) Identification of any known interferents, including all endogenous, exogenous, technology-specific, and patient population-specific interferents, specific to the test outputs. The information must include the concentration(s) or level(s) of the interferent at which clinically significant interference was found to occur, and the concentration range or levels at which interference was not found to occur;

(ii) A prominent statement that the device is not intended for use in monitoring patients taking heparin or direct oral factor Xa inhibitors; and

(iii) Limiting statements indicating, as applicable:

(A) That the device should only be used in conjunction with information available from clinical evaluations and other diagnostic procedures; and

(B) That the device is not specific to the direct oral factor Xa inhibitor that has been evaluated and may detect the presence of other direct factor Xa inhibitors that have not been evaluated.

Dated: August 29, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19824 Filed 9–4–24; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 870

[Docket No. FDA–2024–N–3947]

Medical Devices; Cardiovascular Devices; Classification of the Adjunctive Open Loop Fluid Therapy Recommender

AGENCY: Food and Drug Administration, HHS.

ACTION: Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA, Agency, or we) is classifying the adjunctive open loop fluid therapy recommender into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for the adjunctive open loop fluid therapy recommender's classification. We are taking this action because we have determined that classifying the device into class II (special controls) will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices.

DATES: This order is effective September 5, 2024. The classification was applicable on November 13, 2020.

FOR FURTHER INFORMATION CONTACT: Biniyam Taddese, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 2544, Silver Spring, MD 20993–0002, 240–402–6570, Biniyam.Taddese@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Upon request, FDA has classified the adjunctive open loop fluid therapy recommender as class II (special controls), which we have determined will provide a reasonable assurance of safety and effectiveness.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified as, and remains

within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (see 21 U.S.C. 360c(f)(1)). We refer to these devices as “postamendments devices” because they were not in commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (see 21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through “De Novo” classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105–115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112–144) modified the De Novo application process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a 510(k) for a device that has not previously been classified. After

receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then a request for classification, if the person determines that there is no legally marketed device upon which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo classification is considered to be the initial classification of the device.

When FDA classifies a device into class I or II via the De Novo process, the device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device (see section 513(i) of the FD&C Act, defining “substantial equivalence”). Instead, sponsors can use the 510(k) process, when necessary, to market their device.

II. De Novo Classification

On June 4, 2019, FDA received Edwards Lifesciences’ request for De Novo classification of the Acumen Assisted Fluid Management (AFM) Software Feature. FDA reviewed the request in order to classify the device

under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness, but there is sufficient information to establish special controls that, in combination with the general controls, provide reasonable assurance of the safety and effectiveness of the device for its intended use (see 21 U.S.C. 360c(a)(1)(B)). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on November 13, 2020, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21 CFR 870.5600.¹ We have named the generic type of device adjunctive open loop fluid therapy recommender, and it is identified as a prescription device that uses software algorithms to analyze cardiovascular vital signs and predict a patient’s estimated response to fluid therapy. The device is intended for adjunctive use with other physical vital sign parameters and patient information and is not intended to independently direct therapy.

FDA has identified the following risks to health associated specifically with this type of device and the measures required to mitigate these risks in table 1.

TABLE 1—ADJUNCTIVE OPEN LOOP FLUID THERAPY RECOMMENDER RISKS AND MITIGATION MEASURES

Identified risks to health	Mitigation measures
Delay in monitoring or treatment	Software verification, validation, and hazard analysis; Usability assessment; and Labeling.
Inappropriate or missed treatment due to over-reliance on software recommendation, which is affected by algorithm or software error, or inaccurate input from sensors or users.	Software verification, validation, and hazard analysis; Non-clinical performance testing; Usability assessment; Clinical performance testing; and Labeling.
Fluid overload due to over-reliance on software recommendations, which are affected by algorithm or software error, or inaccurate input from sensors or users.	Software verification, validation, and hazard analysis; Non-clinical performance testing; Usability assessment; Clinical performance testing; and Labeling.

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance

of safety and effectiveness. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with

the special controls named in this final order. The necessary special controls appear in the regulation codified by this order. This device is subject to

¹ FDA notes that the **ACTION** caption for this final order is styled as “Final amendment; final order,” rather than “Final order.” Beginning in December 2019, this editorial change was made to indicate

that the document “amends” the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register’s (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

premarket notification requirements under section 510(k) of the FD&C Act.

At the time of classification, the adjunctive open loop fluid therapy recommender is for prescription use only. Prescription devices are exempt from the requirement for adequate directions for use for the layperson under section 502(f)(1) of the FD&C Act (21 U.S.C. 352(f)(1)) and 21 CFR 801.5, as long as the conditions of 21 CFR 801.109 are met.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval, have been approved under OMB control number 0910–0231; the collections of information in part 807, subpart E, regarding premarket notification submissions, have been approved under OMB control number 0910–0120; the collections of information in 21 CFR part 820, regarding quality system regulation, have been approved under OMB control number 0910–0073; and the collections of information in 21 CFR part 801, regarding labeling, have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 870

Medical devices.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 870 is amended as follows:

PART 870—CARDIOVASCULAR DEVICES

■ 1. The authority citation for part 870 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 870.5600 to subpart F to read as follows:

§ 870.5600 Adjunctive open loop fluid therapy recommender

(a) *Identification.* The adjunctive open loop fluid therapy recommender is a prescription device that uses software algorithms to analyze cardiovascular vital signs and predict a patient's estimated response to fluid therapy. The device is intended for adjunctive use with other physical vital sign parameters and patient information and is not intended to independently direct therapy.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Clinical performance testing under anticipated conditions of use must fulfill the following:

(i) A summary of the clinical performance testing must include the relevant patient demographics, and any statistical techniques used for analyzing the data;

(ii) Subjects must be representative of the intended use population for the device. Any selection criteria or sample limitations must be fully described and justified;

(iii) Testing must demonstrate the recommendation consistency using the expected range of data sources and data quality encountered in the intended patients, users, and environments; and

(iv) Testing must evaluate the relationship between algorithm recommendations, therapeutic actions, and predicted physiological event or status.

(2) A software description and the results of verification and validation testing based on a comprehensive hazard analysis and risk assessment must be provided, including:

(i) A full characterization of the software technical parameters, including algorithms;

(ii) A description of the expected recommendation, accounting for differences in patient condition and environment;

(iii) A description of all mitigations for user error or failure of any subsystem components (including signal detection, signal analysis, data display, and storage) that affect the device's recommendations;

(iv) A characterization of algorithm sensitivity to variations in user inputs;

(v) A characterization of sensor accuracy and performance;

(vi) A description of sensor data quality control measures; and

(vii) Safeguards to reduce the possibility of fluid overload.

(3) A scientific justification for the validity of the algorithm(s) must be provided. This justification must include non-clinical verification and validation of the algorithm calculations and clinical validation using an independent data set.

(4) A human factors and usability engineering assessment must be provided.

(5) Labeling must include:

(i) A description of what the device measures, how the device decides to issue recommendations, and the expected range of frequency of recommendations, while accounting for differences in patient condition and environment;

(ii) Detailed information regarding limitations of the device's algorithm, and key assumptions made when the device issues a recommendation;

(iii) Warnings identifying sensor acquisition factors that may impact measurement results;

(iv) Warnings identifying user errors that affect the device's recommendations;

(v) Detailed information regarding the expected impact of user input errors on the device recommendations;

(vi) Guidance for interpretation of the device's recommendations, including a description that the recommendation is adjunctive to other physical vital sign parameters and patient information;

(vii) Description of the impact of the compatible sensor(s) on the device's performance;

(viii) The expected performance of the device for all intended patients, users, and environments;

(ix) Relevant characteristics of the patients studied in the clinical validation (such as age, gender, race or ethnicity, and patient condition) and a summary of validation results; and

(x) Description of the software safeguards that are in place to prevent fluid overload, and description of any limitation of the software safeguards.

Dated: August 28, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19736 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Food and Drug Administration****21 CFR Part 872****[Docket No. FDA-2024-N-3973]****Medical Devices; Dental Devices; Classification of the Radiofrequency Toothbrush****AGENCY:** Food and Drug Administration, HHS.**ACTION:** Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA or we) is classifying the radiofrequency toothbrush into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for the radiofrequency toothbrush's classification. We are taking this action because we have determined that classifying the device into class II (special controls) will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices.

DATES: This order is effective September 5, 2024. The classification was applicable on September 17, 2020.

FOR FURTHER INFORMATION CONTACT: Lauren Giles, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. G309, Silver Spring, MD 20993-0002, 301-796-9552, Lauren.Giles@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:**I. Background**

Upon request, FDA has classified the radiofrequency toothbrush as class II (special controls), which we have determined will provide a reasonable assurance of safety and effectiveness.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified as, and remains within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (see 21 U.S.C. 360c(f)(1)). We refer to these devices as "postamendments devices" because they were not in

commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (see 21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through "De Novo" classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105-115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112-144) modified the De Novo application process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a 510(k) for a device that has not previously been classified. After receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then a request for classification, if the person determines that there is no legally marketed device upon which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo classification is considered to be the initial classification of the device.

When FDA classifies a device into class I or II via the De Novo process, the

device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device (see section 513(i) of the FD&C Act, defining "substantial equivalence"). Instead, sponsors can use the 510(k) process, when necessary, to market their device.

II. De Novo Classification

On August 22, 2019, FDA received Home Skinovations Ltd.'s request for De Novo classification of the ToothWave™. FDA reviewed the request in order to classify the device under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness, but there is sufficient information to establish special controls that, in combination with the general controls, provide reasonable assurance of the safety and effectiveness of the device for its intended use (see 21 U.S.C. 360c(a)(1)(B)). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on September 17, 2020, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21 CFR 872.6866.¹ We have named the generic type of device radiofrequency toothbrush, and it is identified as a device that consists of a handle containing a radiofrequency generator to deliver radiofrequency energy to a brush intended to be applied to the teeth. The device is intended to remove adherent plaque and food debris from the teeth to reduce tooth decay.

FDA has identified the following risks to health associated specifically with this type of device and the measures required to mitigate these risks in table 1.

¹ FDA notes that the "ACTION" caption for this final order is styled as "Final amendment; final order," rather than "Final order." Beginning in December 2019, this editorial change was made to

indicate that the document "amends" the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register's (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

TABLE 1—RADIOFREQUENCY TOOTHBRUSH RISKS AND MITIGATION MEASURES

Identified risks to health	Mitigation measures
Thermal injury (mucosal or unintentional skin overheating/burn).	Non-clinical performance testing; Software validation, verification, and hazard analysis; Electrical safety testing; Electromagnetic compatibility (EMC) testing; and Labeling.
Adverse tissue reaction	Biocompatibility evaluation.
Mechanical injury to the oral cavity	Electrical safety testing, Non-clinical performance testing, and Labeling.
Electromagnetic interference or electrical shock	Electrical safety testing, Electromagnetic compatibility (EMC) testing, Battery safety testing, and Labeling.
Incorrect use or operation of the device causing harm or injury to the user.	Non-clinical performance testing, Usability evaluation, Use life testing, Electrical safety testing, and Labeling.
Gingival irritation or recession, tooth sensitivity or pain by failure to identify correct population and condition.	Label comprehension and self-selection study, and Labeling.

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance of safety and effectiveness. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with the special controls named in this final order. The necessary special controls appear in the regulation codified by this order. This device is subject to premarket notification requirements under section 510(k) of the FD&C Act.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval, have been approved under OMB control number 0910–0231; the collections of information in part 807, subpart E, regarding premarket notification submissions, have been approved under OMB control number 0910–0120; the collections of information in 21 CFR part 820, regarding quality system regulation, have been approved under OMB control number 0910–0073; and the collections of information in 21 CFR

part 801, regarding labeling, have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 872

Medical devices.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 872 is amended as follows:

PART 872—DENTAL DEVICES

■ 1. The authority citation for part 872 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 872.6866 to subpart G to read as follows:

§ 872.6866 Radiofrequency toothbrush.

(a) *Identification.* A radiofrequency toothbrush is a device that consists of a handle containing a radiofrequency generator to deliver radiofrequency energy to a brush intended to be applied to the teeth. The device is intended to remove adherent plaque and food debris from the teeth to reduce tooth decay.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Non-clinical performance testing must demonstrate that the device performs as intended under anticipated conditions of use. The following performance characteristics must be tested, and detailed protocols must be provided for each test conducted:

(i) Validation of the radiofrequency performance specifications including output power, voltage output, radiofrequency, pulse cycle, waveform, and pulse duration;

(ii) Temperature performance testing to evaluate the temperature change of the device, structures of the oral cavity (including skin, tissue, and dental restorations), and toothpaste under worst-case conditions;

(iii) An assessment of mechanical output specifications and physical

properties including vibration frequency, tuft retention, brush head strength, and battery voltage; and

(iv) Use life and durability testing.

(2) A label comprehension and self-selection study must demonstrate that the intended user population can understand the package labeling and correctly choose the device for the indicated use.

(3) Usability performance evaluation must demonstrate that the user can safely and correctly use the device, based solely on reading the directions for use.

(4) The patient-contacting components of the device must be demonstrated to be biocompatible.

(5) Electrical safety, thermal safety, mechanical safety, battery safety, and electromagnetic compatibility (EMC) testing must be performed.

(6) Software verification, validation, and hazard analysis must be performed.

(7) Labeling must include:

(i) Information on how the device operates, including images or illustrations;

(ii) A detailed summary of the device technical specifications;

(iii) A warning which states that the use of this device is not a substitute for regular visits to a dentist for routine clinical care;

(iv) Instructions on how to clean and maintain the device; and

(v) The use life and disposal of the components of the device.

Dated: August 29, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19868 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Food and Drug Administration****21 CFR Part 886****[Docket No. FDA-2024-N-3970]****Medical Devices; Ophthalmic Devices; Classification of the Hydrophilic Re-Coating Solution****AGENCY:** Food and Drug Administration, HHS.**ACTION:** Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA, Agency, or we) is classifying the hydrophilic re-coating solution into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for the hydrophilic re-coating solution's classification. We are taking this action because we have determined that classifying the device into class II (special controls) will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices.

DATES: This order is effective September 5, 2024. The classification was applicable on September 24, 2020.

FOR FURTHER INFORMATION CONTACT: Elissa Wong, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 1246, Silver Spring, MD 20993-0002, 240-402-0204, Elissa.Wong@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:**I. Background**

Upon request, FDA has classified the hydrophilic re-coating solution as class II (special controls), which we have determined will provide a reasonable assurance of safety and effectiveness.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified as, and remains within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (see 21 U.S.C. 360c(f)(1)). We refer to these devices as "postamendments

devices" because they were not in commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (see 21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through "De Novo" classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105-115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112-144) modified the De Novo application process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a 510(k) for a device that has not previously been classified. After receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then a request for classification, if the person determines that there is no legally marketed device on which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo

classification is considered to be the initial classification of the device.

When FDA classifies a device into class I or II via the De Novo process, the device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device (see section 513(i) of the FD&C Act, defining "substantial equivalence"). Instead, sponsors can use the 510(k) process, when necessary, to market their device.

II. De Novo Classification

On January 15, 2020, FDA received Tangible Science, Inc.'s request for De Novo classification of the Tangible Boost. FDA reviewed the request in order to classify the device under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness, but there is sufficient information to establish special controls that, in combination with the general controls, provide reasonable assurance of the safety and effectiveness of the device for its intended use (see 21 U.S.C. 360c(a)(1)(B)). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on September 24, 2020, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21 CFR 886.5919.¹ We have named the generic type of device hydrophilic re-coating solution, and it is identified as a home use device intended to restore the hydrophilic coating of rigid gas permeable (RGP) contact lenses using reactive coating components.

FDA has identified the following risks to health associated specifically with this type of device and the measures required to mitigate these risks in table 1.

¹ FDA notes that the "ACTION" caption for this final order is styled as "Final amendment; final order," rather than "Final order." Beginning in December 2019, this editorial change was made to

indicate that the document "amends" the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register's (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

TABLE 1—HYDROPHILIC RE-COATING SOLUTION RISKS AND MITIGATION MEASURES

Identified risks	Mitigation measures
Adverse events leading to eye irritation (redness, burning, stinging, discomfort, pain), infection, keratitis, corneal ulcer, loss of visual acuity, or allergic reaction.	Clinical performance testing, Human factors evaluation, and Labeling.
Adverse tissue reaction	Biocompatibility evaluation, Lens solution compatibility testing, Coating effectiveness testing, and Labeling.
Infection	Sterility testing and validation, Disinfection solution compatibility testing, Shelf life testing, and Labeling.
Use error/improper device use leading to eye irritation (redness, burning, stinging, discomfort, pain), infection, keratitis, corneal ulcer, loss of visual acuity.	Clinical performance testing, Human factors evaluation, Coating performance testing, and Labeling.

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance of safety and effectiveness. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with the special controls named in this final order. The necessary special controls appear in the regulation codified by this order. This device is subject to premarket notification requirements under section 510(k) of the FD&C Act.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval, have been approved under OMB control number 0910–0231; the collections of information in 807, subpart E, regarding premarket notification submissions, have been approved under OMB control number 0910–0120; the collections of information in 21 CFR part 820, regarding quality system regulation, have been approved under OMB control number 0910–0073; and the collections

of information in 21 CFR part 801, regarding labeling, have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 886

Medical devices, Ophthalmic goods and services.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 886 is amended as follows:

PART 886—OPHTHALMIC DEVICES

■ 1. The authority citation for part 886 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 886.5919 to subpart F to read as follows:

§ 886.5919 Hydrophilic re-coating solution.

(a) *Identification.* A hydrophilic re-coating solution is a home use device intended to restore the hydrophilic coating of rigid gas permeable (RGP) contact lenses using reactive coating components.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Clinical performance testing must evaluate device safety as assessed by adverse events, slit lamp findings, and maintenance of visual acuity.

(2) The patient contacting components of the device and packaging components must be demonstrated to be biocompatible.

(3) Performance testing must demonstrate the sterility of the device.

(4) Use-related risk analysis must be performed to determine if a self-selection study and human factors validation study must be conducted to demonstrate that users can correctly use the device based solely on reading the directions for use.

(5) Performance data must support the shelf life of the device by demonstrating continued sterility, package integrity,

and device functionality over the identified shelf life.

(6) Performance testing must demonstrate compatibility with each lens and solution labeled for use with the device.

(7) Performance testing must demonstrate the ability of the device to restore the coating of compatible lenses.

(8) Labeling must include the following:

(i) Instructions on how to correctly use the device, including instructions to use fresh components for each use;

(ii) Descriptions of compatible contact lenses;

(iii) Descriptions of compatible care solutions;

(iv) A warning that if patients are not sure of their lens material, they should contact their health care provider prior to use; and

(v) A precaution against use with lenses that have not been demonstrated to be compatible with the device.

Dated: August 29, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19882 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2024–0244]

RIN 1625–AA08

Special Local Regulations; Recurring Marine Events, Sector St. Petersburg

AGENCY: Coast Guard, DHS.

ACTION: Final rule.

SUMMARY: The Coast Guard is revising existing regulations by updating two dates of events in the Seventh Coast

Guard District Captain of the Port (COTP) St. Petersburg. This action is necessary to provide for the safety of life on these navigable waters in Sarasota and St. Petersburg, FL.

DATES: This rule is effective September 5, 2024.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, type USCG–2024–0244 in the search box and click “Search.” Next, in the Document Type column, select “Supporting & Related Material.”

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, call or email Marine Science Technician First Class Mara J. Brown, Sector St. Petersburg Prevention Department, Coast Guard; telephone (813) 228–2191, email Mara.J.Brown@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background Information and Regulatory History

The Coast Guard is amending the Recurring Marine Events in the geographic boundaries of the Seventh Coast Guard District Captain of the Port (COTP) St. Petersburg Zone that are listed in 33 CFR 100.703, table 1 to 100.703. The rule will ensure that the public is informed of the most up to date recurring special local regulations. The purpose of this rulemaking is to ensure the safety of vessels and the navigable waters, during and after the scheduled events. On July 3, 2024, the Coast Guard published a notice of proposed rulemaking (NPRM) titled, “Special Local Regulations; Recurring Marine Events, Sector St. Petersburg” (89 FR 55133). There we stated why we issued the NPRM and invited comments on our proposed regulatory action related to this fireworks display. During the comment period that ended August 2, 2024, we received no comments.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be impracticable because we must establish a special local regulation (SLR) for the safety of the event participants and the public for a high-speed boat race starting on September 13, 2024. The event

protected by the SLR in 33 CFR 100.703, table 1 to § 100.703, item 4, as amended by this rule, is scheduled to start on September 13, 2024. Therefore, it is impracticable to delay implementation of this final rule 30 days because we must establish this SLR for the protection of participants of the high-speed boat race and all others transiting nearby.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70041. The Captain of the Port Sector St. Petersburg (COTP) has determined that potential hazards associated with the events will be a safety concern for anyone within the safety zone. The purpose of this rule is to ensure safety of vessels and the navigable waters before, during, and after the scheduled events.

IV. Discussion of Comments, Changes, and the Rule

As noted above, we received no comments on our NPRM published July 3, 2024. There are no changes in the regulatory text of this rule from the proposed rule in the NPRM. This rule makes the following changes in 33 CFR 100.703, table 1 to § 100.703:

1. Revise Line No. 4, to reflect a date and time change to “One weekend (Friday, Saturday, and Sunday) in September Time (Approximate): 8:00 a.m. to 6:00 p.m. Revise Line No. 5, to reflect a date and time change to “One weekend (Friday, Saturday, and Sunday) in October Time (Approximate): 8:00 a.m. to 6:00 p.m.

Marine events listed in table 1 to § 100.703 are listed as recurring over a particular time, during each month and each year. Exact dates are intentionally omitted since calendar dates for specific events change from year to year. Once dates for a marine event are known, the Coast Guard notifies the public it intends to enforce the special local regulation through various means including a notice of enforcement published in the **Federal Register**, Local Notice to Mariners, and Broadcast Notice to Mariners.

V. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders, 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. This rule has not been designated a “significant regulatory action,” under section 3(f) of Executive Order 12866, as amended by Executive Order 14094 (Modernizing Regulatory Review). Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB).

This regulatory action determination is based on the size, location and duration of the special local regulations. These areas are limited in size and duration, and usually do not affect high vessel traffic areas. Moreover, the Coast Guard would provide advance notice of the regulated areas to the local maritime community by Local Notice to Mariners, Broadcast Notice to Mariners via VHF–FM marine channel 16, and the rule would allow vessels to seek permission to enter the regulated area.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980, 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 received no comments from the Small Business Administration on this rulemaking. The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities.

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

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 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 call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman

and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1-888-REG-FAIR (1-888-734-3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

C. Collection of Information

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

D. Federalism and Indian Tribal Governments

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

responsibilities between the Federal Government and Indian tribes.

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 rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023-01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule involves revising an existing recurring event to reflect a date and time change for the event. Normally such actions are categorically excluded from further review under paragraphs L61 in table 3-1 of appendix A, table 1 of DHS Instruction Manual 023-01-001-01, Rev. 1, because it involves a revised special local regulation related to a

marine event permit for marine parades, regattas, and other marine events. A Memorandum for Record supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to call or email 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.

List of Subjects in 33 CFR Part 100

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

For the reasons discussed in the preamble, the Coast Guard is amending 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05-1.

■ 2. In § 100.703, revise table 1 to read as follows:

§ 100.703 Special Local Regulations; Recurring Marine Events, Sector St. Petersburg.

* * * * *

TABLE 1 TO § 100.703—SPECIAL LOCAL REGULATIONS; RECURRING MARINE EVENTS, SECTOR ST. PETERSBURG

Date/time	Event/sponsor	Location	Regulated area
1. One Saturday in January; Time (Approximate): 11:30 a.m. to 2 p.m.	Gasparilla Invasion and Parade/ Ye Mystic Krewe of Gasparilla.	Tapa, Florida	Location: A regulated area is established consisting of the following waters of Hillsborough Bay and its tributaries north of 27°51'18" N and south of the John F. Kennedy Bridge: Hillsborough Cut "D" Channel, Seddon Channel, Sparkman Channel and the Hillsborough River south of the John F. Kennedy Bridge. Additional Regulation: (1) Entrance into the regulated area is prohibited to all commercial marine traffic from 9 a.m. to 6 p.m. EST on the day of the event. (2) The regulated area will include a 100 yard Safety Zone around the vessel JOSE GASPARI while docked at the Tampa Yacht Club until 6 p.m. EST on the day of the event. (3) The regulated area is a "no wake" zone. (4) All vessels within the regulated area shall stay 50 feet away from and give way to all officially entered vessels in parade formation in the Gasparilla Marine Parade. (5) When within the marked channels of the parade route, vessels participating in the Gasparilla Marine Parade may not exceed the minimum speed necessary to maintain steerage. (6) Jet skis and vessels without mechanical propulsion are prohibited from the parade route. (7) Vessels less than 10 feet in length are prohibited from the parade route unless capable of safely participating. (8) Vessels found to be unsafe to participate at the discretion of a present Law Enforcement Officer are prohibited from the parade route.

TABLE 1 TO § 100.703—SPECIAL LOCAL REGULATIONS; RECURRING MARINE EVENTS, SECTOR ST. PETERSBURG—Continued

Date/time	Event/sponsor	Location	Regulated area
2. One Saturday in February; Time (Approximate): 9:00 a.m. to 9:00 p.m.	Bradenton Area River Regatta/ City of Bradenton.	Bradenton, FL	(9) Northbound vessels in excess of 65 feet in length without mooring arrangement made prior to the date of the event are prohibited from entering Seddon Channel unless the vessel is officially entered in the Gasparilla Marine Parade. (10) Vessels not officially entered in the Gasparilla Marine Parade may not enter the parade staging area box within the following coordinates: 27°53'53" N, 082°27'47" W; 27°53'22" N, 082°27'10" W; 27°52'36" N, 082°27'55" W; 27°53'02" N, 082°28'31" W. <i>Location(s) Enforcement Area #1.</i> All waters of the Manatee River between the Green Bridge and the CSX Train Trestle contained within the following points: 27°30'43" N, 082°34'20" W, thence to position 27°30'44" N, 082°34'09" W, thence to position 27°30'00" N, 082°34'04" W, thence to position 27°29'58" N, 082°34'15" W, thence back to the original position, 27°30'43" N, 082°34'20" W. <i>Enforcement Area #2.</i> All waters of the Manatee River contained within the following points: 27°30'35" N, 082°34'37" W, thence to position 27°30'35" N, 082°34'26" W, thence to position 27°30'26" N, 082°34'26" W, thence to position 27°30'26" N, 082°34'37" W, thence back to the original position, 27°30'35" N, 082°34'37" W.
3. One weekend (Friday, Saturday, and Sunday) in March; Time (Approximate): 8:00 a.m. to 5:00 p.m.	Gulfport Grand Prix/Gulfport Grand Prix LLC.	Gulfport, FL	<i>Location(s): (1) Race Area.</i> All waters of Boca de Ciego contained within the following points: 27°44'10" N, 082°42'29" W, thence to position 27°44'07" N, 082°42'40" W, thence to position 27°44'06" N, 082°42'40" W, thence to position 27°44'04" N, 082°42'29" W, thence to position 27°44'07" N, 082°42'19" W, thence to position 27°44'08" N, 082°42'19" W, thence back to the original position, 27°44'10" N, 082°42'29" W. (2) <i>Buffer Zone.</i> All waters of Boca de Ciego encompassed within the following points: 27°44'10" N, 082°42'47" W, thence to position 27°44'01" N, 082°42'44" W, thence to position 27°44'01" N, 082°42'14" W, thence to position 27°44'15" N, 082°42'14" W.
4. One weekend (Friday, Saturday and Sunday) in September; Time (Approximate): 8:00 a.m. to 6:00 p.m.	Sarasota Powerboat Grand Prix/Powerboat P-1 USA, LLC.	Sarasota, FL	<i>Location:</i> All waters of the Gulf of Mexico contained within the following points: 27°18'44" N, 082°36'14" W, thence to position 27°19'09" N, 082°35'13" W, thence to position 27°17'42" N, 082°34'00" W, thence to position 27°16'43" N, 082°34'49" W, thence back to the original position, 27°18'44" N, 082°36'14" W.
5. One weekend (Saturday and Sunday) in September; Time (Approximate): 8:00 a.m. to 4:00 p.m.	Clearwater Offshore Nationals/ Race World Offshore.	Clearwater, FL	(1) <i>Race Area.</i> All waters of the Gulf of Mexico contained within the following points: 27°58'34" N, 82°50'09" W, thence to position 27°58'32" N, 82°50'02" W, thence to position 28°00'12" N, 82°50'10" W, thence to position 28°00'13" N, 82°50'10" W, thence back to the original position, 27°58'34" N, 82°50'09" W. (2) <i>Spectator Area.</i> All waters of Gulf of Mexico seaward no less than 150 yards from the race area and as agreed upon by the Coast Guard and race officials. (3) <i>Enforcement Area.</i> All waters of the Gulf of Mexico encompassed within the following points: 28°58'40" N, 82°50'37" W, thence to position 28°00'57" N, 82°49'45" W, thence to position 27°58'32" N, 82°50'32" W, thence to position 27°58'23" N, 82°49'53" W, thence back to position 28°58'40" N, 82°50'37" W.
6. One weekend (Friday, Saturday and Sunday) in October; Time (Approximate): 8:00 a.m. to 6:00 p.m.	St.Petersburg Powerboat Grand Prix.	St. Petersburg, FL	<i>Location:</i> All waters of the Tampa Bay encompassed within the following points: 27°46'56.22" N, 082°36'55.50" W, thence to position 27°47'08.82" N, 082°34'33.24" W, thence to position 27°46'06.96" N, 082°34'29.04" W, thence to position 27°45'59.22" N, 082°37'02.88" W, thence back to the original position 27°46'24.24" N, 082°37'30.24" W.
7. One Thursday, Friday, and Saturday in October; Time (Approximate): 10:00 a.m. to 5:00 p.m.	Roar Offshore/OPA Racing LLC	Fort Myers Beach, FL	<i>Locations:</i> All waters of the Gulf of Mexico west of Fort Myers Beach contained within the following points: 26°26'27" N, 081°55'55" W, thence to position 26°25'33" N, longitude 081°56'34" W, thence to position 26°26'38" N, 081°58'40" W, thence to position 26°27'25" N, 081°58'8" W, thence back to the original position 26°26'27" N, 081°55'55" W.
8. One weekend (Friday, Saturday, and Sunday) in November; Time (Approximate): 8:00 a.m. to 6:00 p.m.	OPA World Championships/Englewood Beach Waterfest.	Englewood Beach, FL	<i>Locations:</i> (1) <i>Race Area.</i> All waters of the Gulf of Mexico contained within the following points: 26°56'00" N, 082°22'11" W, thence to position 26°55'59" N, 082°22'16" W, thence to position 26°54'22" N, 082°21'20" W, thence to position 26°54'24" N, 082°21'16" W, thence to position 26°54'25" N, 082°21'17" W, thence back to the original position, 26°56'00" N, 082°21'11" W.

TABLE 1 TO § 100.703—SPECIAL LOCAL REGULATIONS; RECURRING MARINE EVENTS, SECTOR ST. PETERSBURG—Continued

Date/time	Event/sponsor	Location	Regulated area
			(2) <i>Spectator Area</i>. All waters of the Gulf of Mexico contained with the following points: 26°55'33" N, 082°22'21" W, thence to position 26°54'14" N, 082°21'35" W, thence to position 26°54'11" N, 082°21'40" W, thence to position 26°55'31" N, 082°22'26" W, thence back to position 26°55'33" N, 082°22'21" W. (3) <i>Enforcement Area</i>. All waters of the Gulf of Mexico encompassed within the following points: 26°56'09" N, 082°22'12" W, thence to position 26°54'13" N, 082°21'03" W, thence to position 26°53'58" N, 082°21'43" W, thence to position 26°55'56" N, 082°22'48" W, thence back to position 26°56'09" N, 082°22'12" W.

* * * * *

Dated: August 26, 2024.

Michael P. Kahle,*Captain, U.S. Coast Guard, Captain of the Port Sector St. Petersburg.*

[FR Doc. 2024–19829 Filed 9–4–24; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY**Coast Guard****33 CFR Part 100**

[Docket Number USCG–2024–0766]

RIN 1625–AA08

Special Local Regulation; Galveston Channel, Galveston, TX**AGENCY:** Coast Guard, DHS.**ACTION:** Temporary final rule.

SUMMARY: The Coast Guard is establishing a special local regulation for navigable waters within the Galveston Ship Channel. The special local regulation is needed to safely align and navigate vessels for the Texian Navy Day Parade. Entry of non-participants into the pre-staging and parade transit zones is prohibited unless specifically authorized by the Captain of the Port, Sector Houston-Galveston (COTP). Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the designated representative.

DATES: This rule is effective from 8 a.m. to 1 p.m. on September 21, 2024.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, type USCG–2024–0766 in the search box and click “Search.” Next, in the Document Type column, select “Supporting & Related Material.”

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, call

or email Lieutenant Ignacio J. Fernández-Cuervo, Marine Safety Unit Texas City, Waterways Management Division, U.S. Coast Guard; telephone (281) 309–1617, email MSUTexasCityWaterways@uscg.mil.

SUPPLEMENTARY INFORMATION:**I. Table of Abbreviations**

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background Information and Regulatory History

The Coast Guard is issuing this temporary rule under authority in 5 U.S.C. 553(b)(B). This statutory provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” The Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because the final rule would not be completed prior to the event start date. Failure to establish these regulated areas would create a hazard to navigation for vessels transiting through the Galveston Channel during the event. It is impracticable to publish an NPRM because we must establish the regulated areas by September 21, 2024.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be impracticable because prompt action is needed to ensure vessel traffic safety on the day of the event.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70041. The

Captain of the Port Sector Houston-Galveston (COTP) has determined that potential hazards associated with the boat parade on September 21, 2024 will be a safety concern for anyone within a 200-yard radius of the parade in the Galveston Channel. This rule is needed to protect personnel, vessels, and the marine environment in the navigable waters within the regulated areas while the parade is ongoing.

IV. Discussion of the Rule

This rule establishes a special local regulation from 8 a.m. to 1 p.m. on September 21, 2024. The special local regulation will encompass three zones to include a Pre-Staging Zone, Spectator Zone, and Parade Transit Zone as described below:

Pre-Staging Zone: This area is the pre-staging area for participating vessels to line up. It will include all waters within a 200-yard radius of 29°20'23" N, 094°46'37" W.

Spectator Zone: All vessels that will be viewing the event will be required to stay within a designated area. The sponsor is responsible for marking the spectator zone with 4 buoys on the outer corners and ensuring that all vessels within the area are anchored and remain in the area during parade transit. The following coordinates are the approximate location of the Spectator Zone: 29°19'17" N, 094°46'36" W, thence to 29°19'37" N, 094°46'53" W, and both points connecting to the eastern shore.

Parade Transit Zone: This area is exclusive to vessels participating in the parade. It will include all waters within the following areas: 29°19'07.02" N, 094°47'10.98" W, thence to 29°18'55.43" N, 094°47'04.23" W, thence to 29°20'29.45" N, 094°46'14.18" W, thence to 29°20'32.68" N, 094°46'29.94" W, and along the shore line back to the beginning point.

All non-participants will be prohibited from entering the established pre-staging and parade transit zones

without obtaining permission from the on-water Safety Officer or designated representative. To seek permission to enter, contact the COTP or the COTP's representative by VHF Radio Channel 12. Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the designated representative.

The term "designated representative" means Coast Guard Patrol Commanders, including Coast Guard coxswains, petty officers, and other officers operating Coast Guard vessels, and Federal, state, and local officers designated by or assisting the Captain of the Port Houston-Galveston in the enforcement of the regulated areas.

V. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders, 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. This rule has not been designated a "significant regulatory action," under section 3(f) of Executive Order 12866, as amended by Executive Order 14094 (Modernizing Regulatory Review). Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB).

This regulatory action determination is based on the size, location, duration, and time-of-day of this special local regulation. Vessel traffic will be able to safely transit around the regulated areas which would impact a small, designated area of the Galveston Channel for less than five hours. The Coast Guard will issue a Broadcast Notice to Mariners via VHF-FM marine channel 16 about the zone, and the rule will allow vessels to seek permission to enter the regulated areas.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980, 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 rule will not have a significant economic impact on a substantial number of small entities.

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

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 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 call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

C. Collection of Information

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

D. Federalism and Indian Tribal Governments

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 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 rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian

tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

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 rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule involves a marine event and special local regulation lasting only five hours that will prohibit entry within 200 yards of the vessel staging area, parade transit zone and designate a vessel spectator zone. It is categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protestors. Protesters are asked to call or email 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.

List of Subjects in 33 CFR Part 100

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

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05–1.

■ 2. Add § 100.T08–0766 to read as follows:

§ 100.T08–0766 Texian Navy Boat Parade; Galveston Channel, Galveston, TX.

(a) *Regulated areas.* (1) Pre-Staging Zone comprised of all waters of Galveston Channel surrounding 29°20′23″ N, 094°46′37″ W, from surface to bottom, in a radius 200 yards. These coordinates are based on chart 11330.

(2) Spectator Zone comprised of all waters of Galveston Channel from surface to bottom located within the following coordinates: 29°19′17″ N, 094°46′36″ W, thence to 29°19′37″ N, 094°46′53″ W, and both points connecting to the eastern shore. These coordinates are based on chart 11330.

(3) Parade Transit Zone comprised of all waters of Galveston Channel from surface to bottom located within the following coordinates: 29°19′07.02″ N, 094°47′10.98″ W, thence to 29°18′55.43″ N, 094°47′04.23″ W, thence to 29°20′29.45″ N, 094°46′14.18″ W, thence to 29°20′32.68″ N, 094°46′29.94″ W, and along the shore line back to the beginning point. These coordinates are based on chart 11330.

(b) *Definitions.* As used in this section, designated representative means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port Sector Houston-Galveston (COTP) in the enforcement of the regulations in this section.

(c) *Regulations.* (1) All non-participants are prohibited from entering, transiting through, anchoring in, or remaining within the pre-staging and parade transit zones described in paragraph (a) of this section unless authorized by the COTP or their designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative by VHF Radio Channel 12. Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the designated representative.

(3) The COTP will provide notice of the regulated area through advanced notice via broadcast notice to mariners and by on-scene designated representatives.

(d) *Enforcement period.* This section will be enforced from 8 a.m. to 1 p.m. on September 21, 2024.

Dated: August 28, 2024.

Keith M. Donohue,

Captain, U.S. Coast Guard, Captain of the Port Sector Houston-Galveston.

[FR Doc. 2024–19908 Filed 9–4–24; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY**Coast Guard****33 CFR Part 165**

[Docket Number USCG–2024–0503]

RIN 1625–AA00

Safety Zone; Upper Galveston Bay, Kemah, TX

AGENCY: Coast Guard, DHS.

ACTION: Final rule.

SUMMARY: The Coast Guard is updating the location and description of a safety zone, and adding two annually recurring dates, for events at the Kemah Boardwalk Fireworks Display, in the Upper Galveston Bay in Kemah, Texas. The safety zone is needed to protect personnel vessels, and the marine environment from potential hazards created by the fireworks show. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port, Sector Houston-Galveston, or a designated representative.

DATES: This rule is effective September 5, 2024.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, type USCG–2024–0503 in the search box and click “Search.” Next, in the Document Type column, select “Supporting & Related Material.”

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, call or email Marine Science Technician First Class Christopher C. Morgan, Sector Houston-Galveston Waterways Management Division; telephone 713–398–5823, Email houstonwwm@uscg.mil.

SUPPLEMENTARY INFORMATION:**I. Table of Abbreviations**

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section

U.S.C. United States Code

II. Background Information and Regulatory History

The Coast Guard was informed that the city of Kemah will be conducting an annual fireworks display during the first week in September and on December 31 every year. The fireworks will be launched from a barge in the Upper Galveston Bay approximately 1,000 feet east of the Kemah Boardwalk in Kemah, TX. In response, on August 5, 2024, the Coast Guard published a notice of proposed rulemaking (NPRM) titled Safety Zone; Upper Galveston Bay, Kemah, TX (89 FR 63331). There we stated why we issued the NPRM and invited comments on our proposed regulatory action related to this fireworks display. During the comment period that ended August 20, 2024, we received 1 comment.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule is impracticable because prompt action is needed to respond to the potential safety hazards associated with the fireworks display during the first week in September 2024.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70034. The Captain of the Port, Sector Houston-Galveston (COTP) has determined that potential hazards associated with the fireworks to be used in these annual recurring fireworks displays will be a safety concern for anyone within an 850-foot radius of the barge. The purpose of this rule is to ensure safety of persons, vessels and the navigable waters in the safety zone before, during, and after the scheduled event.

IV. Discussion of Comments, Changes, and the Rule

As noted above, we received 1 comment on our NPRM published August 5, 2024. There are no changes in the regulatory text of this rule from the proposed rule.

The comment that was received stated “[T]he record of environmental consideration has not been made available in the docket even though the notice states that it was. Request the CG upload the document and request a 30 day extension to allow public review of the document.” Due to time constraints for the upcoming display, and the fact that this is an already established safety zone for multiple other displays in the area throughout the year, a 30-day extension is not feasible or necessary. A

final record of environmental consideration will be available for review on the docket.

The COTP is updating the location information for a recurring safety zone and adding two annually recurring event dates, one during the first week of September and another on December 31. The safety zone includes all navigable waters within 850 feet of a fireworks barge in the Upper Galveston Bay located approximately 1,000 feet east of Kemah Boardwalk in Kemah, TX. The safety zone is intended to ensure the safety of vessels and persons on these navigable waters during the scheduled fireworks displays. No vessel or person will be permitted to enter the safety zone without obtaining permission from the COTP or a designated representative. If permission is granted, all persons and vessels must comply with the lawful instructions of the COTP or designated representative. Designated representatives include commissioned, warrant, and petty officers of the U.S. Coast Guard.

V. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders, 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. This rule has not been designated a “significant regulatory action,” under section 3(f) of Executive Order 12866, as amended by Executive Order 14094 (Modernizing Regulatory Review). Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB).

This regulatory action determination is based on the size, duration, and location of the safety zone. The safety zone will last during the scheduled fireworks events and covers an 850-foot radius from the fireworks barge in the navigable waters of Upper Galveston Bay, TX. The zone allows mariners to ask for permission to enter the safety zone via VHF radio or contacting the Command Center. The COTP or a designated representative will inform the public through broadcast notices to mariners of the enforcement period for the safety zone as well as any changes in the planned schedule.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980, 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 received no comments from the Small Business Administration on this rulemaking. The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities.

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

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 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 call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency’s responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

C. Collection of Information

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

D. Federalism and Indian Tribal Governments

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

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 rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have made a determination that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule involves a safety zone that prohibits entry without permission within 850 feet of a fireworks barge. It is categorically excluded from further review under paragraph L60(a) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1. A Record of Environmental Consideration supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protestors. Protesters are asked to call or email 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.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping

requirements, Security measures, Waterways.

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

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

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

Authority: 46 U.S.C. 70034, 70051, 70124; 33 CFR 1.05–1, 6.04–1, 6.04–6, and 160.5; Department of Homeland Security Delegation No. 00170.1, Revision No. 01.3.

■ 2. In § 165.801, amend table 3, by revising item 3 to read as follows:

§ 165.801 Annual fireworks displays and other events in the Eighth Coast Guard District requiring safety zones.

* * * * *

TABLE 3 OF § 165.801—SECTOR HOUSTON-GALVESTON ANNUAL AND RECURRING SAFETY ZONES

Date	Sponsor/name	Sector Houston-Galveston location	Safety zone
3. July 4th; every Friday night in June and July; first week of September; December 31.	Kemah Boardwalk Fireworks Display, Kemah, TX.	Kemah, TX	The area within an 850-foot radius of the fireworks barge located on the south side of Clear Creek Channel, 1000 feet east of Kemah Boardwalk in Kemah, TX.
* * * * *	* * * * *	* * * * *	* * * * *

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Dated: August 29, 2024.

Keith M. Donohue,

Captain, U.S. Coast Guard, Captain of the Port, Sector Houston-Galveston.

[FR Doc. 2024–19945 Filed 9–4–24; 8:45 am]

BILLING CODE 9110–04–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 300

[EPA–HQ–OLEM–2024–0066; FRL–12163–02–OLEM]

National Priorities List

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA” or “the Act”), as amended, requires that the National Oil and Hazardous Substances Pollution Contingency Plan (“NCP”) include a list of national priorities among the known releases or threatened releases of hazardous substances, pollutants or contaminants throughout the United States. The National Priorities List (“NPL”) constitutes this list. The NPL is intended primarily to guide the Environmental Protection Agency (“the EPA” or “the agency”) in determining which sites warrant further investigation. These further investigations will allow the EPA to assess the nature and extent of public health and environmental risks

associated with the site and to determine what CERCLA-financed remedial action(s), if any, may be appropriate. This rule adds one site to the General Superfund section of the NPL.

DATES: The rule is effective October 5, 2024.

ADDRESSES: Contact information for the EPA Headquarters:

- Docket Coordinator, Headquarters; U.S. Environmental Protection Agency; CERCLA Docket Office; 1301 Constitution Avenue NW; William Jefferson Clinton Building West, Room 3334, Washington, DC 20004, (202) 566–0276.

FOR FURTHER INFORMATION CONTACT:

Vanessa Van Note, Site Assessment and Remedy Decisions Branch, Assessment and Remediation Division, Office of Superfund Remediation and Technology Innovation (Mail code 5203T), U.S. Environmental Protection Agency; 1301 Constitution Avenue NW, Washington, DC 20460, telephone number: (571) 882–3866, email address: vannote.vanessa@epa.gov.

The contact information for the regional dockets is as follows:

- Holly Inglis, Region 1 (CT, ME, MA, NH, RI, VT), U.S. EPA, Superfund Records and Information Center, 5 Post Office Square, Suite 100, Boston, MA 02109–3912; (617) 918–1413.
- James Desir, Region 2 (NJ, NY, PR, VI), U.S. EPA, 290 Broadway, New York, NY 10007–1866; (212) 637–4342.
- Lorie Baker, Region 3 (DE, DC, MD, PA, VA, WV), U.S. EPA, 4 Penn Center, 1600 John F. Kennedy Boulevard, Mail

code 3SD12, Philadelphia, PA 19103 (215) 814–3355.

- Sandra Bramble, Region 4 (AL, FL, GA, KY, MS, NC, SC, TN), U.S. EPA, 61 Forsyth Street SW, Mail code 9T25, Atlanta, GA 30303; (404) 562–8926.

- Todd Quesada, Region 5 (IL, IN, MI, MN, OH, WI), U.S. EPA Superfund Division Librarian/SFD Records Manager SRC–7J, Metcalfe Federal Building, 77 West Jackson Boulevard, Chicago, IL 60604; (312) 886–4465.

- Michelle Delgado-Brown, Region 6 (AR, LA, NM, OK, TX), U.S. EPA, 1201 Elm Street, Suite 500, Mail code SED, Dallas, TX 75270; (214) 665–3154.

- Kumud Pyakuryal, Region 7 (IA, KS, MO, NE), U.S. EPA, 11201 Renner Blvd., Mail code SUPRSTAR, Lenexa, KS 66219; (913) 551–7956.

- David Fronczak, Region 8 (CO, MT, ND, SD, UT, WY), U.S. EPA, 1595 Wynkoop Street, Mail code 8SEM–EM–P, Denver, CO 80202–1129; (303) 312–6096.

- Leslie Ramirez, Region 9 (AZ, CA, HI, NV, AS, GU, MP), U.S. EPA, 75 Hawthorne Street, Mail code SFD–6–1, San Francisco, CA 94105; (415) 972–3978.

- Brandon Perkins, Region 10 (AK, ID, OR, WA), U.S. EPA, 1200 Sixth Avenue, Mail code 13–J07, Seattle, WA 98101; (206) 553–6396.

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I. Background

A. What are CERCLA and SARA?

In 1980, Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601–9675 (“CERCLA” or “the Act”), in response to the dangers of uncontrolled releases or threatened releases of hazardous substances, and releases or substantial threats of releases into the environment of any pollutant or contaminant that may present an imminent or substantial danger to the public health or welfare. CERCLA was amended on October 17, 1986, by the Superfund Amendments and Reauthorization Act (“SARA”), Public Law 99–499, 100 Stat. 1613 *et seq.*

B. What is the NCP?

To implement CERCLA, the EPA promulgated the revised National Oil

and Hazardous Substances Pollution Contingency Plan (“NCP”), 40 CFR part 300, on July 16, 1982 (47 FR 31180), pursuant to CERCLA section 105 and Executive Order 12316 (46 FR 42237, August 20, 1981). The NCP sets guidelines and procedures for responding to releases and threatened releases of hazardous substances, or releases or substantial threats of releases into the environment of any pollutant or contaminant that may present an imminent or substantial danger to the public health or welfare. The EPA has revised the NCP on several occasions. The most recent comprehensive revision was on March 8, 1990 (55 FR 8666).

As required under section 105(a)(8)(A) of CERCLA, the NCP also includes “criteria for determining priorities among releases or threatened releases throughout the United States for the purpose of taking remedial action and, to the extent practicable, taking into account the potential urgency of such action, for the purpose of taking removal action.” “Removal” actions are defined broadly and include a wide range of actions taken to study, clean up, prevent or otherwise address releases and threatened releases of hazardous substances, pollutants or contaminants (42 U.S.C. 9601(23)).

C. What is the National Priorities List (NPL)?

The NPL is a list of national priorities among the known or threatened releases of hazardous substances, pollutants or contaminants throughout the United States. The list, which is appendix B of the NCP (40 CFR part 300), was required under section 105(a)(8)(B) of CERCLA, as amended. Section 105(a)(8)(B) defines the NPL as a list of “releases” and the highest priority “facilities” and requires that the NPL be revised at least annually. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation to assess the nature and extent of public health and environmental risks associated with a release of hazardous substances, pollutants or contaminants. The NPL is of only limited significance, however, as it does not assign liability to any party or to the owner of any specific property. Also, placing a site on the NPL does not mean that any remedial or removal action necessarily need be taken.

For purposes of listing, the NPL includes two sections, one of sites that are generally evaluated and cleaned up by the EPA (the “General Superfund section”) and one of sites that are owned or operated by other Federal agencies (the “Federal Facilities section”). With respect to sites in the

Federal Facilities section, these sites are generally being addressed by other Federal agencies. Under Executive Order 12580 (52 FR 2923, January 29, 1987) and CERCLA section 120, each Federal agency is responsible for carrying out most response actions at facilities under its own jurisdiction, custody or control, although the EPA is responsible for preparing a Hazard Ranking System (“HRS”) score and determining whether the facility is placed on the NPL.

D. How are sites listed on the NPL?

There are three mechanisms for placing sites on the NPL for possible remedial action (see 40 CFR 300.425(c) of the NCP): (1) A site may be included on the NPL if it scores sufficiently high on the HRS, which the EPA promulgated as appendix A of the NCP (40 CFR part 300). The HRS serves as a screening tool to evaluate the relative potential of uncontrolled hazardous substances, pollutants or contaminants to pose a threat to human health or the environment. On December 14, 1990 (55 FR 51532), the EPA promulgated revisions to the HRS partly in response to CERCLA section 105(c), added by SARA. On January 9, 2017 (82 FR 2760), a subsurface intrusion component was added to the HRS to enable the EPA to consider human exposure to hazardous substances or pollutants and contaminants that enter regularly occupied structures through subsurface intrusion when evaluating sites for the NPL. The current HRS evaluates four pathways: ground water, surface water, soil exposure and subsurface intrusion, and air. As a matter of agency policy, those sites that score 28.50 or greater on the HRS are eligible for the NPL. (2) Each State may designate a single site as its top priority to be listed on the NPL, without any HRS score. This provision of CERCLA requires that, to the extent practicable, the NPL include one facility designated by each State as the greatest danger to public health, welfare or the environment among known facilities in the State. This mechanism for listing is set out in the NCP at 40 CFR 300.425(c)(2). (3) The third mechanism for listing, included in the NCP at 40 CFR 300.425(c)(3), allows certain sites to be listed without any HRS score, if all of the following conditions are met:

- The Agency for Toxic Substances and Disease Registry (ATSDR) of the U.S. Public Health Service has issued a health advisory that recommends dissociation of individuals from the release.
- The EPA determines that the release poses a significant threat to public health.

- The EPA anticipates that it will be more cost-effective to use its remedial authority than to use its removal authority to respond to the release.

The EPA promulgated an original NPL of 406 sites on September 8, 1983 (48 FR 40658) and generally has updated it at least annually.

E. What happens to sites on the NPL?

A site may undergo remedial action financed by the Trust Fund established under CERCLA (commonly referred to as the “Superfund”) only after it is placed on the NPL, as provided in the NCP at 40 CFR 300.425(b)(1). (“Remedial actions” are those “consistent with a permanent remedy, taken instead of or in addition to removal actions” (40 CFR 300.5).) However, under 40 CFR 300.425(b)(2), placing a site on the NPL “does not imply that monies will be expended.” The EPA may pursue other appropriate authorities to respond to the releases, including enforcement action under CERCLA and other laws.

F. Does the NPL define the boundaries of sites?

The NPL does not describe releases in precise geographical terms; it would be neither feasible nor consistent with the limited purpose of the NPL (to identify releases that are priorities for further evaluation), for it to do so. Indeed, the precise nature and extent of the site are typically not known at the time of listing.

Although a CERCLA “facility” is broadly defined to include any area where a hazardous substance has “come to be located” (CERCLA section 101(9)), the listing process itself is not intended to define or reflect the boundaries of such facilities or releases. Of course, HRS data (if the HRS is used to list a site) upon which the NPL placement was based will, to some extent, describe the release(s) at issue. That is, the NPL site would include all releases evaluated as part of that HRS analysis.

When a site is listed, the approach generally used to describe the relevant release(s) is to delineate a geographical area (usually the area within an installation or plant boundaries) and identify the site by reference to that area. However, the NPL site is not necessarily coextensive with the boundaries of the installation or plant, and the boundaries of the installation or plant are not necessarily the “boundaries” of the site. Rather, the site consists of all contaminated areas within the area used to identify the site, as well as any other location where that contamination has come to be located, or from where that contamination came.

In other words, while geographic terms are often used to designate the site (e.g., the “Jones Co. Plant site”) in terms of the property owned by a particular party, the site, properly understood, is not limited to that property (e.g., it may extend beyond the property due to contaminant migration), and conversely may not occupy the full extent of the property (e.g., where there are uncontaminated parts of the identified property, they may not be, strictly speaking, part of the “site”). The “site” is thus neither equal to, nor confined by, the boundaries of any specific property that may give the site its name, and the name itself should not be read to imply that this site is coextensive with the entire area within the property boundary of the installation or plant. In addition, the site name is merely used to help identify the geographic location of the contamination; and is not meant to constitute any determination of liability at a site. For example, the name “Jones Co. plant site,” does not imply that the Jones Company is responsible for the contamination located on the plant site.

EPA regulations provide that the remedial investigation (“RI”) “is a process undertaken . . . to determine the nature and extent of the problem presented by the release” as more information is developed on site contamination, and which is generally performed in an interactive fashion with the feasibility study (“FS”) (40 CFR 300.5). During the RI/FS process, the release may be found to be larger or smaller than was originally thought, as more is learned about the source(s) and the migration of the contamination. However, the HRS inquiry focuses on an evaluation of the threat posed and therefore the boundaries of the release need not be exactly defined. Moreover, it generally is impossible to discover the full extent of where the contamination “has come to be located” before all necessary studies and remedial work are completed at a site. Indeed, the known boundaries of the contamination can be expected to change over time. Thus, in most cases, it may be impossible to describe the boundaries of a release with absolute certainty.

Further, as noted previously, NPL listing does not assign liability to any party or to the owner of any specific property. Thus, if a party does not believe it is liable for releases on discrete parcels of property, it can submit supporting information to the agency at any time after it receives notice it is a potentially responsible party.

For these reasons, the NPL need not be amended as further research reveals

more information about the location of the contamination or release.

G. How are sites removed from the NPL?

The EPA may delete sites from the NPL where no further response is appropriate under Superfund, as explained in the NCP at 40 CFR 300.425(e). This section also provides that the EPA shall consult with States on proposed deletions and shall consider whether any of the following criteria have been met:

- (i) Responsible parties or other persons have implemented all appropriate response actions required;
- (ii) All appropriate Superfund-financed response has been implemented and no further response action is required; or
- (iii) The remedial investigation has shown the release poses no significant threat to public health or the environment and taking of remedial measures is not appropriate.

H. May the EPA delete portions of sites from the NPL as they are cleaned up?

In November 1995, the EPA initiated a policy to delete portions of NPL sites where cleanup is complete (60 FR 55465, November 1, 1995). Total site cleanup may take many years, while portions of the site may have been cleaned up and made available for productive use.

I. What is the Construction Completion List (CCL)?

The EPA also has developed an NPL construction completion list (“CCL”) to simplify its system of categorizing sites and to better communicate the successful completion of cleanup activities (58 FR 12142, March 2, 1993). Inclusion of a site on the CCL has no legal significance.

Sites qualify for the CCL when: (1) Any necessary physical construction is complete, whether or not final cleanup levels or other requirements have been achieved; (2) the EPA has determined that the response action should be limited to measures that do not involve construction (e.g., institutional controls); or (3) the site qualifies for deletion from the NPL. For more information on the CCL, see the EPA’s internet site at <https://www.epa.gov/superfund/construction-completions-national-priorities-list-npl-sites-number>.

J. What is the Sitewide Ready for Anticipated Use measure?

The Sitewide Ready for Anticipated Use measure represents important Superfund accomplishments, and the measure reflects the high priority the EPA places on considering anticipated

future land use as part of the remedy selection process. See Guidance for Implementing the Sitewide Ready-for-Reuse Measure, May 24, 2006, OSWER 9365.0–36. This measure applies to final and deleted sites where construction is complete, all cleanup goals have been achieved, and all institutional or other controls are in place. The EPA has been successful on many occasions in carrying out remedial actions that ensure protectiveness of human health and the environment for current and future land uses, in a manner that allows contaminated properties to be restored to environmental and economic vitality. For further information, please go to <https://www.epa.gov/superfund/about-superfund-cleanup-process#reuse>.

K. What is State/Tribal correspondence concerning NPL listing?

In order to maintain close coordination with States and Tribes in

the NPL listing decision process, the EPA’s policy is to determine the position of the States and Tribes regarding sites that the EPA is considering for listing. This consultation process is outlined in two memoranda that can be found at the following website: <https://www.epa.gov/superfund/statetribal-correspondence-concerning-npl-site-listing>.

The EPA has improved the transparency of the process by which State and Tribal input is solicited. The EPA is using the Web and where appropriate more structured State and Tribal correspondence that: (1) Explains the concerns at the site and the EPA’s rationale for proceeding; (2) requests an explanation of how the State intends to address the site if placement on the NPL is not favored; and (3) emphasizes the transparent nature of the process by informing States that information on their responses will be publicly available.

A model letter and correspondence between the EPA and States and Tribes where applicable, is available on the EPA’s website at <https://www.epa.gov/superfund/Statetribal-correspondence-concerning-npl-site-listing>.

II. Availability of Information to the Public

A. May I review the documents relevant to this final rule?

Yes, documents relating to the evaluation and scoring of the site in this final rule are contained in dockets located both at the EPA headquarters and in the EPA regional offices.

An electronic version of the public docket is available through <https://www.regulations.gov> (see table below for docket identification numbers). Although not all docket materials may be available electronically, you may still access any of the publicly available docket materials through the docket facilities identified in section II.D.

DOCKET IDENTIFICATION NUMBERS BY SITE

Site name	City/county, state	Docket ID No.
Afterthought Mine	Bella Vista, CA	EPA–HQ–OLEM–2024–0066.

B. What documents are available for review at the EPA Headquarters docket?

The headquarters docket for this rule contains the HRS score sheets, the documentation record describing the information used to compute the score, a list of documents referenced in the documentation record for each site and any other information used to support the NPL listing of the site. These documents are also available online at <https://www.regulations.gov>.

C. What documents are available for review at the EPA regional dockets?

The EPA regional dockets contain all the information in the headquarters

docket, plus the actual reference documents containing the data principally relied upon by the EPA in calculating or evaluating the HRS score. These reference documents are available only in the regional dockets.

D. How do I access the documents?

You may view the documents that support this rule online at <https://www.regulations.gov> or by contacting the EPA HQ docket or appropriate regional docket. The hours of operation for the headquarters docket are from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding Federal holidays. Please contact the individual regional dockets for hours. For addresses for the

headquarters and regional dockets, see **ADDRESSES** section in the beginning portion of this preamble.

E. How may I obtain a current list of NPL sites?

You may obtain a current list of NPL sites via the internet at <https://www.epa.gov/superfund/national-priorities-list-npl-sites-site-name>.

III. Contents of This Final Rule

A. Additions to the NPL

This final rule adds the following site to the General Superfund section of the NPL. This site is being added to the NPL based on HRS scores of 28.50 or above.

GENERAL SUPERFUND SECTION

State	Site name	City/county
CA	Afterthought Mine	Bella Vista.

B. What did the EPA do with the public comments it received?

The EPA reviewed all comments received on the site in this rule and responded to all relevant comments. The EPA is adding one site to the NPL in this final rule. The Afterthought Mine

site was proposed for addition to the NPL on March 7, 2024 (89 FR 16498).

Afterthought Mine

For the Afterthought Mine site, the EPA received 11 comments that either supported or did not oppose the addition of the site to the NPL.

Additionally, the EPA received three comments that opposed the proposed NPL designation. In support of placing the site on the NPL, multiple private citizens, the California Environmental Protection Agency, and the California Department of Fish and Wildlife expressed concern about the possible

health impacts associated with the contamination in Little Cow Creek, the levels of contamination in fish in Little Cow Creek, and/or possible ecological impacts from site-related contamination. Two private citizens also cited concerns for the dangerous material at the former Afterthought Mine property, or from adjacent roadways, as reasons for supporting the proposed NPL designation. In opposition to adding the site to the NPL, three private citizens asserted that tax dollars should be used to resolve issues other than addressing site-related contamination. One private citizen opposing the proposed designation also commented that, based on personal experience, the site is not posing a threat to human health or the local fish population.

In response, the EPA has added the Afterthought Mine site to the NPL. The site achieved an HRS site score above 28.50 which represents the EPA's determination that the site poses a sufficient risk relative to other sites evaluated under the HRS to qualify for addition to the NPL. Listing makes a site eligible for remedial action funding under CERCLA, and the EPA will examine the site to determine what response, if any, is appropriate to ensure the protection of human health and the environment. Additionally, sources and uses of funding are determined at a separate stage of the Superfund process (after listing) and are not associated with the listing itself.

IV. Statutory and Executive Order Reviews

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

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

This action is not a significant regulatory action and was therefore not submitted to the Office of Management and Budget (OMB) for review.

B. Paperwork Reduction Act (PRA)

This action does not impose an information collection burden under the PRA. This rule does not contain any information collection requirements that require approval of the OMB.

C. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA. This action will not impose any requirements on small entities. This rule listing sites on the

NPL does not impose any obligations on any group, including small entities. This rule also does not establish standards or requirements that any small entity must meet and imposes no direct costs on any small entity. Whether an entity, small or otherwise, is liable for response costs for a release of hazardous substances depends on whether that entity is liable under CERCLA 107(a). Any such liability exists regardless of whether the site is listed on the NPL through this rulemaking.

D. Unfunded Mandates Reform Act (UMRA)

This action does not contain any unfunded mandate as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. This action imposes no enforceable duty on any State, local or Tribal governments or the private sector. Listing a site on the NPL does not itself impose any costs. Listing does not mean that the EPA necessarily will undertake remedial action. Nor does listing require any action by a private party, State, local or Tribal governments or determine liability for response costs. Costs that arise out of site responses result from future site-specific decisions regarding what actions to take, not directly from the act of placing a site on the NPL.

E. Executive Order 13132: Federalism

This final rule does not have federalism implications. It will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

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

This action does not have Tribal implications as specified in Executive Order 13175. Listing a site on the NPL does not impose any costs on a Tribe or require a Tribe to take remedial action. Thus, Executive Order 13175 does not apply to this action.

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

The EPA interprets Executive Order 13045 as applying only to those regulatory actions that concern environmental health or safety risks that the EPA has reason to believe may disproportionately affect children, per the definition of “covered regulatory action” in section 2–202 of the Executive Order. This action is not

subject to Executive Order 13045 because this action itself is procedural in nature (adds sites to a list) and does not, in and of itself, provide protection from environmental health and safety risks. Separate future regulatory actions are required for mitigation of environmental health and safety risks.

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

This action is not subject to Executive Order 13211, because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act (NTTAA)

This rulemaking does not involve technical standards.

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

The EPA believes the human health or environmental risk addressed by this action will not have potential disproportionately high and adverse human health or environmental effects on minority, low-income or indigenous populations because it does not affect the level of protection provided to human health or the environment. As discussed in section I.C. of the preamble to this action, the NPL is a list of national priorities. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation to assess the nature and extent of public health and environmental risks associated with a release of hazardous substances, pollutants or contaminants. The NPL is of only limited significance as it does not assign liability to any party. Also, placing a site on the NPL does not mean that any remedial or removal action necessarily need be taken.

K. Congressional Review Act

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

Provisions of the Congressional Review Act (CRA) or section 305 of CERCLA may alter the effective date of this regulation. Under 5 U.S.C. 801(b)(1), a rule shall not take effect, or continue in effect, if Congress enacts (and the President signs) a joint resolution of disapproval, described under section 802. Another statutory provision that may affect this rule is CERCLA section 305, which provides

for a legislative veto of regulations promulgated under CERCLA. Although *INS v. Chadha*, 462 U.S. 919,103 S. Ct. 2764 (1983), and *Bd. of Regents of the University of Washington v. EPA*, 86 F.3d 1214,1222 (D.C. Cir. 1996), cast the validity of the legislative veto into question, the EPA has transmitted a copy of this regulation to the Secretary of the Senate and the Clerk of the House of Representatives.

If action by Congress under either the CRA or CERCLA section 305 calls the effective date of this regulation into question, the EPA will publish a document of clarification in the **Federal Register**.

List of Subjects in 40 CFR Part 300
Environmental protection, Air pollution control, Chemicals, Hazardous substances, Hazardous waste, Intergovernmental relations, Natural resources, Oil pollution, Penalties, Reporting and recordkeeping requirements, Superfund, Water pollution control, Water supply.

Barry N. Breen,
*Principal Deputy Assistant Administrator,
Office of Land and Emergency Management.*

For the reasons set out in the preamble, title 40, chapter I, part 300, of the Code of Federal Regulations is amended as follows:

PART 300—NATIONAL OIL AND HAZARDOUS SUBSTANCES POLLUTION CONTINGENCY PLAN

■ 1. The authority citation for part 300 continues to read as follows:
Authority: 33 U.S.C. 1251 *et seq.*; 42 U.S.C. 9601–9657; E.O. 13626, 77 FR 56749, 3 CFR, 2013 Comp., p. 306; E.O. 12777, 56 FR 54757, 3 CFR, 1991 Comp., p. 351; E.O. 12580, 52 FR 2923, 3 CFR, 1987 Comp., p. 193.

■ 2. Amend table 1 of appendix B to part 300 by adding an entry for “CA, Afterthought Mine” in alphabetical order by State and site name to read as follows:

Appendix B to Part 300—National Priorities List

TABLE 1—GENERAL SUPERFUND SECTION

State	Site name	City/county	Notes (a)
CA	Afterthought Mine	Bella Vista	

^aA = Based on issuance of health advisory by Agency for Toxic Substances and Disease Registry (if scored, HRS score need not be greater than or equal to 28.50).

* * * * *
[FR Doc. 2024–19751 Filed 9–4–24; 8:45 am]
BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY
40 CFR Part 705
[EPA–HQ–OPPT–2020–0549; FRL–7902.1–02–OCSPP]
RIN 2070–AK67
Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Data Reporting and Recordkeeping Under the Toxic Substances Control Act (TSCA); Change to Submission Period and Technical Correction
AGENCY: Environmental Protection Agency (EPA).
ACTION: Direct final rule; change to submission period and technical correction.

SUMMARY: The Environmental Protection Agency (EPA or Agency) is taking direct final action to amend the Toxic Substances Control Act (TSCA) regulation with reporting and recordkeeping requirements for perfluoroalkyl and polyfluoroalkyl substances (PFAS). As promulgated in October 2023, the regulation requires manufacturers (including importers) of PFAS in any year between 2011–2022 to

report certain data to EPA related to exposure and environmental and health effects. EPA is making a one-time modification to change the beginning of the data submission period from November 12, 2024, to July 11, 2025, with a corresponding change to the end of the submission period. EPA is also making a technical correction to address an error in the regulatory text. There are no other changes to the reporting and recordkeeping requirements in the existing rule under TSCA.
DATES: This rule is effective November 4, 2024 without further notice. However, if EPA receives adverse comment by October 7, 2024, the Agency will publish a timely withdrawal in the **Federal Register** informing the public that this direct final rule will not take effect.
ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA–HQ–OPPT–2020–0549, online at <https://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. Additional instructions on commenting and visiting the docket, along with more information about dockets generally, is available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:
For technical information: Stephanie Griffin, Data Gathering, Management, and Policy Division (7406M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001; telephone number: 202–564–1463; email address: griffin.stephanie@epa.gov.
For general information: 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. Does this action apply to me?
This action may apply to you if you have manufactured (defined by statute at 15 U.S.C. 2602(9) to include import) PFAS for a commercial purpose at any time since January 1, 2011. 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:
• Construction (NAICS code 23);
• Manufacturing (NAICS codes 31 through 33);
• Wholesale trade (NAICS code 42);

- Retail trade (NAICS codes 44 through 45); and
- Waste management and remediation services (NAICS code 562).

This list details the types of entities that EPA is aware could potentially be impacted by this action. Other types of entities not listed could also be impacted. To determine whether your entity is impacted by this action, you should carefully examine the applicability criteria found in 40 CFR 705.10 and 705.12. If you have questions regarding the applicability of this action to a particular entity, consult the person listed in the **FOR FURTHER INFORMATION CONTACT** section (see above).

Any use of the term “PFAS” will apply to chemical substances that meet the structural definition of PFAS codified at 40 CFR 705. PFAS is defined as including at least one of these three structures:

R-(CF₂)-CF(R')R”, where both the CF₂ and CF moieties are saturated carbons;
R-CF₂ OCF₂-R', where R and R' can either be F, O, or saturated carbons; and
CF₃ C(CF₃)R'R”, where R' and R” can either be F or saturated carbons.

The requirements of this rule also apply to PFAS manufactured as a byproduct or impurity or in articles or mixtures. Further, this rule is not limited to PFAS currently on the TSCA Chemical Substance Inventory. For a more thorough discussion of the chemical substances included in this rule, please see Unit III.A. of the final rulemaking (88 FR 70516, October 11, 2023 (FRL-7902-02-OCSP)).

This rule does not require reporting on substances that are excluded from the definition of “chemical substance” in TSCA section 3(2)(B). Those exclusions include, but are not limited to: Any pesticide (as defined by the Federal Insecticide, Fungicide, and Rodenticide Act) when manufactured, processed, or distributed in commerce for use as a pesticide; any food, food additive, drug, cosmetic, or device, as defined by the Federal Food, Drug, and Cosmetic Act, when manufactured, processed, or distributed in commerce for use as a food, food additive, drug, cosmetic or device; tobacco or any tobacco product; any source material, special nuclear material, or byproduct material as such terms are defined in the Atomic Energy Act of 1954; and, any article the sale of which is subject to the tax imposed by section 4181 of the Internal Revenue Code of 1954.

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

As with the final rule that published in the **Federal Register** of October 11,

2023 (88 FR 70516) (FRL-7902-02-OCSP)), EPA is promulgating this rule pursuant to its authority in TSCA section 8(a)(7) (15 U.S.C. 2607(a)(7)). The National Defense Authorization Act for Fiscal Year 2020 (NDAA) (Pub. L. 116-92, section 7351) amended TSCA section 8(a) in December 2019, adding TSCA section 8(a)(7), titled “PFAS Data.” TSCA section 8(a)(7) requires EPA to promulgate a rule “requiring each person who has manufactured a chemical substance that is a [PFAS] in any year since January 1, 2011” to report information described in TSCA section 8(a)(2)(A) through (G). This includes a broad range of information, such as information related to chemical identity and structure, production, use, byproducts, exposure, disposal, and health and environmental effects.

TSCA section 14 imposes requirements for the assertion, substantiation, and review of information that is claimed as confidential business information (CBI).

C. What action is the Agency taking?

EPA is issuing this amendment to change the data submission period for the TSCA section 8(a)(7) PFAS reporting rule that is codified in 40 CFR part 705, by changing the start date to July 11, 2025, and making corresponding changes to the end dates for the submission period. For reasons detailed in Unit II., the Agency is compelled to take this action in response to constraints on the timely development and testing of the software being developed to collect information pursuant to this reporting rule (*i.e.*, the rule's reporting application). EPA is also taking action to correct an inadvertent error in the rulemaking by revising the text “published study reports” under the requirement to submit Organization for the Economic Cooperation and Development's (OECD) Harmonised Templates (OHTs) to the correct requirement of submitting OHTs for “unpublished study reports.” EPA intended to require OHTs only for unpublished study reports and is correcting the text accordingly.

This action does not alter any other aspect of the TSCA section 8(a)(7) PFAS rule in 40 CFR part 705. This action will result in additional time for the Agency's reporting application to be completed and sufficiently tested to ensure that reporting entities do not experience issues that prevent their submission of data as required under TSCA section 8(a)(7) during the regulatory submission period. Further, without modifying the reporting period, EPA would need to continue to develop the application while reporting is

occurring. Forms that were submitted prior to the completion of such continued development could require resubmission due to the effects of such ongoing application development. Similarly, forms that were started but not yet submitted could need to be restarted due to the effects of ongoing application development.

The Agency further anticipates being able to review submitted data, including CBI claims, and prepare non-CBI data for broader dissemination more efficiently if the full data collection infrastructure is established prior to the start of the submission period. Further, this action is consistent with the public interest because it is designed to facilitate compliance with the rule and to ensure that the collection includes accurate data on manufactured PFAS in the United States. Any impact on the regulated community is expected to be beneficial given that the extension provides additional time to submit accurate reports to EPA.

D. Why is the Agency using a direct final rule?

EPA is taking direct final action because the Agency views this as a noncontroversial action and anticipates no adverse comment. Although EPA continues to devote significant resources to development of the reporting application, EPA will not be in a position to accept data in a usable manner under the current start date of November 12, 2024, and thus it will be impossible for submitters to begin to submit data on that date. For reasons detailed in Unit II., the reporting timeline is no longer tenable and maintaining that deadline would require entities to submit data before EPA has the technological capacity in place to accept that data. This would negatively impact EPA's ability to collect, organize, and make the collected data available to the public, which is the underlying objective of the regulation as well as the Congressional direction that required its promulgation.

This action also includes a technical correction to revise an error in the regulatory text. At 40 CFR 705.15(f)(1), the requirement for PFAS manufacturers to submit all existing information concerning the environmental or health effects of that PFAS stipulates that the OHTs must be completed for “each *published* study report” [emphasis added]. EPA's intent was to require OHTs and supporting information for *unpublished* study reports, as those are not publicly available in open literature (see 88 FR at 70524). Thus, this action also revises the word “published” to “unpublished” at 40 CFR 705.15(f)(1).

In the “Proposed Rules” section of this issue of the **Federal Register**, EPA is publishing a separate document that will serve as the proposed rule to amend the beginning of the submission period if adverse comments are received on this direct final rule. EPA will not institute a second comment period on this action. Any parties interested in commenting must do so at this time. For further information about commenting on this rule, see the **ADDRESSES** section of the document in the “Proposed Rules” section of this **Federal Register** publication.

If EPA receives adverse comment, the Agency will publish a timely withdrawal in the **Federal Register** informing the public that this direct final rule will not take effect. In this case, EPA would address all public comments in a subsequent final rule. EPA reiterates that there is no feasible way to begin collecting the TSCA section 8(a)(7) dataset by November 12, 2024, so maintaining the current submission period timeline is not tenable.

II. Background

A. What is the modification to the submission period?

The 2016 Frank R. Lautenberg Chemical Safety for the 21st Century Act (Lautenberg Act) considerably expanded the scope of EPA’s responsibilities under TSCA. The amendments require EPA to systematically and comprehensively prioritize and evaluate at least 20 chemicals at the same time and provide protections against the identified unreasonable risks through regulations. Under the amended law, EPA is also required to complete formal risk determinations for 100 percent of all new chemical submissions, as compared to the pre-2016 practice of completing formal risk determinations on about 20 percent of such submissions. The amended law also provides new responsibility for increasing transparency and new data-gathering authority to support the Agency assessments. EPA’s appropriated resources for implementing TSCA have not kept pace with the Agency’s activities and obligations under amended TSCA. For example, the enacted budget for fiscal year 2024 resulted in an \$8.4 million reduction to contracts and other non-payroll TSCA funding levels when compared with funding for fiscal year 2023 (a ~33% reduction).

As described in this unit, this increased responsibility alongside reduced funding has forced EPA to

make difficult choices, including delays in activities that impact the Agency’s ability to collect data for the TSCA section 8(a)(7) requirement during the reporting period that had been anticipated when the Agency promulgated the rule.

Nearly all TSCA regulatory submissions are required to be submitted through EPA’s Central Data Exchange (CDX). CDX provides EPA’s interface with data submitters, including fulfillment of all legal requirements for electronic submittals as set out by the Cross-Media Electronic Reporting Rule (CROMERR) (40 CFR part 3).

When EPA uses CDX to collect information, the Agency must also develop a corresponding application in its TSCA CBI environment, which is used to manage the final validation and processing of submitted content. Each submission to CDX is transmitted into the appropriate TSCA CBI application for further processing, storage, and use. After successfully processing a submission, a secure message is sent back to CDX, which updates the submission status to “submitted” and provides a Case Number to the submitter for their reference. Functional CDX and CBI applications are necessary for a regulated entity to fully and legally submit the required information to EPA and demonstrate compliance with the regulation under which the information was submitted.

Under the NDAA, EPA was directed to write the final rule that was published on October 11, 2023 (88 FR 70516 (FRL–7902–02–OCSPP)). EPA’s obligation under the NDAA to use its TSCA section 8 authority is critical to the Agency’s understanding of PFAS in commerce. The information required under the TSCA section 8(a)(7) rule will create a comprehensive database of previously manufactured PFAS in commerce and support EPA’s actions to address PFAS exposure and contamination.

From a TSCA perspective, the amount of data that is expected to be submitted under this rule is unprecedented due to the number of chemicals and years of data for which this reporting requirement applies, underscoring the critical need to ensure the fidelity of the process and the data, which can only be achieved by delaying the start of the reporting period. To fully ensure the Agency’s reporting platform can manage this volume of materials, an industry testing period will be required. This is built into the new timeline with a sufficient window to allow for software updates and modifications based upon this testing.

For technical reasons explained in Unit II. B., EPA must delay the data submission period of this rule. EPA will not be able to accept, confirm receipt, and ensure fidelity of reported PFAS information at the original reporting start date of November 12, 2024. It is in the interest of the general public and industry that EPA move the start of the reporting period from November 12, 2024, to July 11, 2025, to ensure that the infrastructure underlying the data collection process is working optimally, thus ensuring ultimate public access, as appropriate, to this information. It is for these reasons that EPA, as a matter of good governance, must postpone the submission periods codified in the final rule (88 FR 70516, October 11, 2023 (FRL–7902–02–OCSPP)). As codified, this includes a start and end date for submission, including an alternate end date for small entities.

B. Why is the Agency modifying the data submission period?

Due to increased statutory obligations across the TSCA Existing and New Chemicals programs and a lack of increased resources to meet those obligations, including a 5 percent reduction to the TSCA program in Fiscal Year 2024 compared to what was appropriated in Fiscal Year 2023 and an unfunded Cost of Living Adjustment for FY 2024, EPA’s Office of Pollution Prevention and Toxics (OPPT) was forced to make difficult choices to ensure that the program was able to continue its work to protect human health and the environment from the risks presented by toxic chemical substances. Because of this challenge, as a result of competing priorities for information technology/information management (IT/IM) resources, and in response to the uncertainties associated with working under three successive Continuing Resolutions that lasted through March 9, 2024, which resulted in EPA receiving funding via 30-day increments and thus, due to the lack of a budget, being unable to project funding availability for the year, OPPT was forced to significantly reduce its IT/IM operating budget in FY2024 to prevent overspending of resources. Software development efforts in process and operations and maintenance activities associated with both CDX and TSCA CBI-based applications, which are critical to the Agency’s TSCA data collections, including the data collected under this rule, were impacted by these reductions, resulting in increased costs due to unforeseen complications arising with existing software applications as well as forecasted resource needs for developing new software applications.

The reduced funding for this work would primarily have been used for the contractual support on which EPA relies for much of its IT/IM efforts.

Because the decrease in resources impacted the funds available for contractor support, EPA's contractors reduced their effort on the TSCA information technology software and related portfolio by more than 50 percent, which had significant, immediate implications for EPA's ability to make progress on many of its IT/IM projects. Most significantly for this rule, software development needed to be re-prioritized so only those projects with the nearest-term deadlines received resources and effort. For example, when the asbestos reporting application had to be developed by spring 2024, contractor staff supporting other applications (e.g., TSCA section 8(a)(7), Chemical Data Reporting (CDR), and operations and maintenance) were re-allocated to that effort. Additionally, the asbestos reporting application required additional support beyond what was initially anticipated due to CBI-related reporting nuances that took more resources, including time, to implement and delayed the receipt of reporting for that rule. This process of focusing development on reporting requirements with the nearest-term deadlines was shortly thereafter repeated in support of the 2024 CDR reporting cycle, which began on June 1, 2024. EPA was only able to allocate resources for development of the reporting application for this TSCA section 8(a)(7) rule in May 2024. These resources immediately went to reassembling, training, and additional onboarding of the team (staff had been previously transitioned from the TSCA section 8(a)(7) reporting application due to the re-prioritizing activities described above). These activities were completed in June 2024, by which time developing a fully functioning reporting tool by the submission period date in the TSCA section 8(a)(7) final rule was impossible due to the significant amount of development required to ensure that the application would fully support the required data elements, including the ability to make, as applicable, associated CBI claims. (88 FR 70516 October 11, 2023 (FRL-7902-02-OCSP)). Further, EPA typically conducts testing prior to making an application available, and in response to users having difficulties using some of the other recent TSCA applications (e.g., the application for asbestos reporting), ensuring that the Agency has adequate time to test the TSCA section 8(a)(7) PFAS reporting application is critical. Relatedly, EPA

has committed to providing interested industry stakeholders an opportunity to help test the application to ensure that it could collect the data as intended, which the timeline for the current reporting period does not allow.

To ensure functioning reporting capability, EPA must extend the development project timeline. Accordingly, the reporting tool will be available beginning July 11, 2025. This action will maintain all other reporting obligations under TSCA section 8(a)(7), and reporters will still have the same amount of time to submit data as codified at 40 CFR 705.

C. What is the technical correction?

Additionally, EPA is using this action to amend a typographical error in the regulation's paragraph related to the submission of OHTs. The regulatory text at 40 CFR 705.15(f)(1) currently states that OHTs are required for "published study reports." Requiring OHTs for published study reports was not the intent of the final rule, nor would this yield any benefits, if submitters are not required to submit information that is in open scientific literature. This phrase should have read "unpublished study reports," which is consistent with EPA's explanation in the final rule preamble: "EPA is not requiring manufacturers to search open scientific literature to find relevant information on a PFAS that was previously not in their possession or control for the purpose of this rule. EPA believes that implementing such a requirement may result in duplicative information, if multiple PFAS manufacturers are submitting the same studies or other information that are available publicly (including in EPA's scientific literature databases)" (88 FR 70524, October 11, 2023 (7902-02-OCSP)).

IV. Statutory and Executive Orders Reviews

A. Executive Order 12866: Regulatory Planning and Review and Executive Order 14094: Modernizing Regulatory Review

This action is not a significant regulatory action as defined in Executive Order 12866 (58 FR 51735, October 4, 1993), as amended by Executive Order 14094 (88 FR 21879, April 11, 2023), and was therefore not subject to Executive Order 12866 review.

B. Paperwork Reduction Act (PRA)

This action does not contain any new information collection burden under the PRA, 44 U.S.C. 3501 *et seq.* OMB has previously approved the information

collection activities contained in the existing regulations and has assigned OMB control number 2070-0217 (EPA ICR No. 2682.02). This action does not create any new reporting or recordkeeping obligations, and does not otherwise change the burden estimates that were approved.

C. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA, 5 U.S.C. 601 *et seq.* In making this determination, EPA concludes that the impact of concern for this action is any significant adverse economic impact on small entities and that the agency is certifying that this action will not have a significant economic impact on a substantial number of small entities because the rule has no net burden on the small entities subject to the rule. This direct final rule provides the same timeframe for reporting, while delaying the start date and otherwise adds no new reporting requirements. This action only postpones the start of the information submission period already required and makes a technical correction to the regulatory text. We have therefore concluded that this action will have no net regulatory burden for all directly regulated small entities.

D. Unfunded Mandates Reform Act (UMRA)

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

E. Executive Order 13132: Federalism

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

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

This action does not have Tribal implications as specified in Executive Order 13175 (65 FR 67249, November 9, 2000), because it will not have substantial direct effects on Tribal governments, on the relationship

between the Federal Government and the Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes. This action does not impose substantial direct compliance costs on federally recognized Indian tribal governments. Thus, Executive Order 13175 does not apply to this action.

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

This action is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997), because it does not concern an environmental health or safety risk. Since this action does not concern human health, EPA's Policy on Children's Health also does not apply. Although this does not concern an environmental health or safety risk and does not materially alter the reporting requirements under TSCA section 8(a)(7), EPA believes that the one-time data collection imposed in the 2023 final rule will aid in collecting all existing and reasonably ascertainable information related to the manufacturing (including importing) of PFAS since 2011. As noted in the 2023 final rule, this one-time collection will help identify data gaps surrounding the knowledge of commercially manufactured PFAS. Understanding the extent of existing data gaps related to manufactured PFAS will also help inform and tailor future EPA actions to address PFAS as needed. The one-time collection will provide information on the quantity of PFAS to which children may be exposed. EPA believes that the information obtained as a result of this one-time data collection could also be used by the public, government agencies and others to identify potential problems, set priorities, and take appropriate steps to reduce any potential human health or environmental risks, including potential risks to children.

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

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

I. National Technology Transfer and Advancement Act (NTTAA)

This action does not involve technical standards under the NTTAA section 12(d), 15 U.S.C. 272.

J. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations and Executive Order 14096: Revitalizing Our Nation's Commitment to Environmental Justice for All

The EPA believes that this type of action does not concern human health or environmental conditions and therefore cannot be evaluated with respect to potentially disproportionate and adverse effects on communities with environmental justice concerns in accordance with Executive Orders 12898 (59 FR 7629, February 16, 1994) and 14096 (88 FR 25251, April 26, 2023). This action does not materially alter the reporting requirements under TSCA section 8(a)(7), as discussed in Unit II.

K. Congressional Review Act (CRA)

This action is subject to the CRA, 5 U.S.C. 801 *et seq.*, and EPA will submit a rule report to each House of the Congress and to the Comptroller General of the United States. This does not meet the criteria set forth in 5 U.S.C. 804(2).

List of Subjects in 40 CFR Part 705

Chemicals, Environmental protection, Reporting and recordkeeping requirements.

Dated: August 29, 2024.

Michal Freedhoff,

Assistant Administrator, Office of Chemical Safety and Pollution Prevention.

Therefore, for the reasons set forth in the preamble, 40 CFR part 705 is amended as follows:

PART 705—REPORTING AND RECORDKEEPING REQUIREMENTS FOR CERTAIN PER- AND POLYFLUOROALKYL SUBSTANCES

- 1. The authority for part 705 continues to read as follows

Authority: 42 U.S.C. 2607(a)(7).

- 2. Amend § 705.15 by revising paragraph (f)(1) to read as follows:

§ 705.15 What information to report.

* * * * *

(f) * * *

(1) *Organization for Economic Cooperation and Development (OECD) Harmonized Templates.* For each unpublished study report, the submitter shall complete an OECD Harmonized Templates for Reporting Chemical Test Summaries and submit the accompanying study reports and supporting information. This can be accomplished by using the freely available IUCLID software.

* * * * *

- 3. Revise § 705.20 to read as follows:

§ 705.20 When to report.

All information reported to EPA in response to the requirements of this part must be submitted during the applicable submission period. For all reporters submitting information pursuant to §§ 705.15 and 705.18(b) (research and development), the submission period shall begin on July 11, 2025, and last for six months: July 11, 2025, through January 11, 2026. For any reporter who is reporting under this part exclusively pursuant to § 705.18(a) (article importers), and is also considered a small manufacturer under the definition at 40 CFR 704.3, the submission period shall begin on July 11, 2025, and last for 12 months: July 11, 2025, through July 11, 2026.

[FR Doc. 2024–19931 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 240227–0061; RTID 0648–XE219]

Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Cod by Catcher Vessels Using Trawl Gear in the Central Regulatory Area of the Gulf of Alaska

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

ACTION: Temporary rule; closure.

SUMMARY: NMFS is prohibiting directed fishing for Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the Gulf of Alaska (GOA). This action is necessary to prevent exceeding the 2024 total allowable catch of Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the GOA.

DATES: Effective 1200 hours, Alaska local time (A.l.t.), September 1, 2024, through 2400 hours, A.l.t., December 31, 2024.

FOR FURTHER INFORMATION CONTACT: Abby Jahn, 907–586–7228.

SUPPLEMENTARY INFORMATION: NMFS manages the groundfish fishery in the GOA exclusive economic zone according to the Fishery Management Plan for Groundfish of the Gulf of Alaska (FMP) prepared by the North Pacific Fishery Management Council

under authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). Regulations governing fishing by U.S. vessels in accordance with the FMP appear at subpart H of 50 CFR part 600 and 50 CFR part 679.

The 2024 Pacific cod total allowable catch (TAC) apportioned to catcher vessels using trawl gear in the Central Regulatory Area of the GOA not participating in the cooperative fishery of the Rockfish Program is 6,293 metric tons (mt) as established by the final 2024 and 2025 harvest specifications for groundfish in the GOA (89 FR 15484, March 4, 2024).

In accordance with § 679.20(d)(1)(i), the Regional Administrator has determined that the 2024 Pacific cod TAC apportioned to catcher vessels using trawl gear in the Central Regulatory Area of the GOA will soon be reached. Therefore, the Regional Administrator is establishing a directed fishing allowance of 5,293 mt and is setting aside the remaining 1,000 mt as bycatch to support other anticipated

groundfish fisheries. In accordance with § 679.20(d)(1)(iii), the Regional Administrator finds that this directed fishing allowance has been reached. Consequently, NMFS is prohibiting directed fishing for Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the GOA.

While this closure is effective the maximum retainable amounts at § 679.20(e) and (f) apply at any time during a trip. This closure does not apply to fishing by vessels participating in the cooperative fishery of the Rockfish Program for the Central GOA.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act. This action is required by 50 CFR part 679, which was issued pursuant to section 304(b), and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment would be impracticable and contrary to

the public interest, as it would prevent NMFS from responding to the most recent fisheries data in a timely fashion and would delay the closure of Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the GOA. NMFS was unable to publish a notice providing time for public comment because the most recent, relevant data only became available as of August 28, 2024.

The Assistant Administrator for Fisheries, NOAA also finds good cause to waive the 30-day delay in the effective date of this action under 5 U.S.C. 553(d)(3). This finding is based upon the reasons provided above for waiver of prior notice and opportunity for public comment.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: August 29, 2024.

Lindsay Fullenkamp,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2024–19866 Filed 8–30–24; 4:15 pm]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register

Vol. 89, No. 172

Thursday, September 5, 2024

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.

NUCLEAR REGULATORY COMMISSION

10 CFR Part 72

[NRC–2024–0105]

RIN 3150–AL18

List of Approved Spent Fuel Storage Casks: Holtec International HI–STORM 100 Cask System Certificate of Compliance No. 1014, Renewed Amendment No. 18

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is proposing to amend its spent fuel regulations by revising the Holtec International HI–STORM 100 Cask System listing within the “List of approved spent fuel storage casks” to include Renewed Amendment No. 18 to Certificate of Compliance No. 1014. Renewed Amendment No. 18 would amend the certificate of compliance to incorporate the Holtec Report No. HI–2200343–A entitled, “Topical Report for Allowance of Heat Load Patterns in HI–STORM 100 and HI–STORM FW Systems.”

DATES: Submit comments by October 7, 2024. Comments received after this date will be considered if it is practical to do so, but the NRC is able to ensure consideration only for comments received on or before this date.

ADDRESSES: Submit your comments, identified by Docket ID NRC–2024–0105 at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, call or email the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

You can read a plain language description of this direct final rule at <https://www.regulations.gov/docket/NRC-2024-0105>. 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:

Christian Jacobs, Office of Nuclear Material Safety and Safeguards; telephone: 301–415–6825; email: Christian.Jacobs@nrc.gov or Sarah Lopas, Office of Nuclear Material Safety and Safeguards; telephone: 301–415–6360; email: Sarah.Lopas@nrc.gov. Both are staff of the U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

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- II. Rulemaking Procedure
- III. Background
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I. Obtaining Information and Submitting Comments:

A. Obtaining Information

Please refer to Docket ID NRC–2024–0105 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–2024–0105. Address questions about NRC dockets to Helen Chang, telephone: 301–415–3228, email: Helen.Chang@nrc.gov or technical questions contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **NRC’s Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select “Begin Web-based ADAMS Search.” For problems with ADAMS, please contact the NRC’s Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737, or by email to PDR.Resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the “Availability of Documents” section.

- **NRC’s PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an

appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (<https://www.regulations.gov>). Please include Docket ID NRC–2024–0105 in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at <https://www.regulations.gov> as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Rulemaking Procedure

Because the NRC considers this action to be non-controversial, the NRC is publishing this proposed rule concurrently with a direct final rule in the Rules and Regulations section of this issue of the **Federal Register**. The direct final rule will become effective on November 19, 2024. However, if the NRC receives any significant adverse comment by October 7, 2024, then the NRC will publish a document that withdraws the direct final rule. If the direct final rule is withdrawn, the NRC will address the comments in a subsequent final rule. In general, absent significant modifications to the proposed revisions requiring republication, the NRC will not initiate a second comment period on this action in the event the direct final rule is withdrawn.

A significant adverse comment is a comment where the commenter

explains why the rule would be inappropriate, including challenges to the rule's underlying premise or approach, or would be ineffective or unacceptable without a change. A comment is adverse and significant if:

(1) The comment opposes the rule and provides a reason sufficient to require a substantive response in a notice-and-comment process. For example, a substantive response is required when:

(a) The comment causes the NRC to reevaluate (or reconsider) its position or conduct additional analysis;

(b) The comment raises an issue serious enough to warrant a substantive response to clarify or complete the record; or

(c) The comment raises a relevant issue that was not previously addressed or considered by the NRC.

(2) The comment proposes a change or an addition to the rule, and it is apparent that the rule would be ineffective or unacceptable without incorporation of the change or addition.

(3) The comment causes the NRC to make a change (other than editorial) to the rule, certificate of compliance, or technical specifications.

For a more detailed discussion of the proposed rule changes and associated analyses, see the direct final rule published in the Rules and Regulations

section of this issue of the **Federal Register**.

III. Background

Section 218(a) of the Nuclear Waste Policy Act of 1982, as amended, requires that “[t]he Secretary [of the Department of Energy] shall establish a demonstration program, in cooperation with the private sector, for the dry storage of spent nuclear fuel at civilian nuclear power reactor sites, with the objective of establishing one or more technologies that the [Nuclear Regulatory] Commission may, by rule, approve for use at the sites of civilian nuclear power reactors without, to the maximum extent practicable, the need for additional site-specific approvals by the Commission.” Section 133 of the Nuclear Waste Policy Act states, in part, that “[t]he Commission shall, by rule, establish procedures for the licensing of any technology approved by the Commission under Section 219(a) [sic: 218(a)] for use at the site of any civilian nuclear power reactor.”

To implement this mandate, the Commission approved dry storage of spent nuclear fuel in NRC-approved casks under a general license by publishing a final rule that added a new subpart K in part 72 of title 10 of the *Code of Federal Regulations* (10 CFR)

entitled “General License for Storage of Spent Fuel at Power Reactor Sites” (55 FR 29181; July 18, 1990). This rule also established a new subpart L in 10 CFR part 72 entitled “Approval of Spent Fuel Storage Casks,” which contains procedures and criteria for obtaining NRC approval of spent fuel storage cask designs. The NRC subsequently issued a final rule on May 1, 2000 (65 FR 25241), that approved the HI-STORM 100 Cask System design and added it to the list of NRC-approved cask designs in § 72.214 as Certificate of Compliance No. 1014.

IV. Plain Writing

The Plain Writing Act of 2010 (Pub. L. 111–274) requires Federal agencies to write documents in a clear, concise, and well-organized manner. The NRC has written this document to be consistent with the Plain Writing Act as well as the Presidential Memorandum, “Plain Language in Government Writing,” published June 10, 1998 (63 FR 31885). The NRC requests comment on the proposed rule with respect to clarity and effectiveness of the language used.

V. Availability of Documents

The documents identified in the following table are available to interested persons as indicated.

Document	ADAMS accession No./Federal Register citation
Proposed Certificate of Compliance, Proposed Technical Specifications, and Preliminary Safety Evaluation Report for Certificate of Compliance No. 1014, Renewed Amendment No. 18	
User Need Rulemaking Package for Certificate of Compliance No. 1014, HI-STORM 100 Cask System, Renewed Amendment No. 18.	ML24095A039 (package).
Preliminary Safety Evaluation Report, Docket No. 72–1014, Holtec International Certificate of Compliance No. 1014 HI-STORM 100 Cask System Renewed Amendment No. 18.	ML24095A048.
Environmental Documents	
Environmental Assessment for Proposed Rule Entitled, “Storage of Spent Nuclear Fuel in NRC-Approved Storage Casks at Nuclear Power Reactor Sites.” (1989).	ML051230231.
“Environmental Assessment and Finding of No Significant Impact for the Final Rule Amending 10 CFR Part 72 License and Certificate of Compliance Terms” (2010).	ML100710441.
Generic Environmental Impact Statement for Continued Storage of Spent Nuclear Fuel: Final Report (NUREG–2157, Volumes 1 and 2) (2014).	ML14198A440 (package).
“Storage of Spent Fuel In NRC-Approved Storage Casks at Power Reactor Sites” Final Rule (July 18, 1990).	55 FR 29181.
Holtec International HI-STORM 100 Cask Design System Amendment No. 18 Request Documents	
Holtec International, Submittal of HI-STORM 100 Request for Amendment No. 18, dated December 15, 2021.	ML21349B418 (package).
Holtec International, HI-STORM 100 Amendment No. 18 Responses to Requests for Supplemental Information, dated September 2, 2022.	ML22245A103 (package).
Holtec International—Submittal of RAI Responses on HI-STORM 100 Amendment No. 18, dated May 26, 2023.	ML23146A138 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated September 8, 2023.	ML23251A250 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated December 4, 2023.	ML23338A304 (package).
Holtec International, Administrative Change to HI–2200343–A, dated January 18, 2024	ML24018A198 (package).
Holtec International, Submittal of Supplement to RAI Responses on HI-STORM 100 Amendment No. 18, dated February 15, 2024.	ML24046A254 (package).

Document	ADAMS accession No./Federal Register citation
Holtec Report No. HI-2200343-A, "Topical Report for Allowance of Heat Load Patterns in HI-STORM 100 and HI-STORM FW Systems" (January 18, 2024).	ML24018A198 (package).
Other Documents	
"Agreement State Program Policy Statement; Correction" (October 18, 2017)	82 FR 48535.
Plain Language in Government Writing, dated June 10, 1998	63 FR 31885.
Storage of Spent Fuel In NRC-Approved Storage Casks at Power Reactor Sites: Final Rule, dated July 18, 1990.	55 FR 29181.
List of Approved Spent Fuel Storage Casks: Holtec HI-STORM 100 Addition, dated May 1, 2000	65 FR 25241.

The NRC may post materials related to this document, including public comments, on the Federal rulemaking website at <https://www.regulations.gov> under Docket ID NRC-2024-0105. In addition, the Federal rulemaking website allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC-2024-0105); (2) click the "Subscribe" link; and (3) enter an email address and click on the "Subscribe" link.

Dated: August 22, 2024.

For the Nuclear Regulatory Commission.

Mirela Gavrilas,

Executive Director for Operations.

[FR Doc. 2024-19802 Filed 9-4-24; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

10 CFR Part 72

[NRC-2024-0120]

RIN 3150-AL19

List of Approved Spent Fuel Storage Casks: NAC International, Inc. MAGNASTOR® Storage System, Certificate of Compliance No. 1031, Amendment No. 13

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is proposing to amend its spent fuel storage regulations by revising the NAC International, Inc. MAGNASTOR® Storage System listing within the "List of approved spent fuel storage casks" to include Amendment No. 13 to Certificate of Compliance No. 1031. Amendment No. 13 would revise the certificate of compliance to add a new type of radioactive contents to be stored inside the MAGNASTOR® transportable storage canister, add a new design configuration for the canister to accommodate the fuel bearing material and new canister

components, and use an alternate compressive strength for concrete cask number 6 of 6,000 psi.

DATES: Submit comments by October 7, 2024. Comments received after this date will be considered if it is practical to do so, but the NRC is able to ensure consideration only for comments received on or before this date.

ADDRESSES: Submit your comments, identified by Docket ID NRC-2024-0120, at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, call or email the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

You can read a plain language description of this proposed rule at <https://www.regulations.gov/docket/NRC-2024-0120>. 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:

George Tartal, Office of Nuclear Material Safety and Safeguards; telephone: 301-415-0016, email: george.tartal@nrc.gov and Nishka Devaser, telephone: 301-415-5196, email: nishka.devaser@nrc.gov. Both are staff of the U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

SUPPLEMENTARY INFORMATION:

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- I. Obtaining Information and Submitting Comments
- II. Rulemaking Procedure
- III. Background
- IV. Plain Writing
- V. Availability of Documents

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC-2024-0120 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-2024-0120. Address questions about NRC dockets to Helen Chang, telephone: 301-415-3228, email: Helen.Chang@nrc.gov. For technical questions contact the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **NRC's Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "Begin Web-based ADAMS Search." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, 301-415-4737, or by email to PDR.Resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the "Availability of Documents" section.

- **NRC's PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1-800-397-4209 or 301-415-4737, between 8 a.m. and 4 p.m. eastern time, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (<https://www.regulations.gov>). Please include Docket ID NRC-2024-0120 in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at <https://www.regulations.gov> as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Rulemaking Procedure

Because the NRC considers this action to be non-controversial, the NRC is publishing this proposed rule concurrently with a direct final rule in the Rules and Regulations section of this issue of the **Federal Register**. The direct final rule will become effective on November 19, 2024. However, if the NRC receives any significant adverse comment by October 7, 2024, then the NRC will publish a document that withdraws the direct final rule. If the direct final rule is withdrawn, the NRC will address the comments in a subsequent final rule. In general, absent significant modifications to the proposed revisions requiring republication, the NRC will not initiate a second comment period on this action in the event the direct final rule is withdrawn.

A significant adverse comment is a comment where the commenter explains why the rule would be inappropriate, including challenges to the rule's underlying premise or approach, or would be ineffective or unacceptable without a change. A comment is adverse and significant if:

(1) The comment opposes the rule and provides a reason sufficient to require a substantive response in a notice-and-

comment process. For example, a substantive response is required when:

(a) The comment causes the NRC to reevaluate (or reconsider) its position or conduct additional analysis;

(b) The comment raises an issue serious enough to warrant a substantive response to clarify or complete the record; or

(c) The comment raises a relevant issue that was not previously addressed or considered by the NRC.

(2) The comment proposes a change or an addition to the rule, and it is apparent that the rule would be ineffective or unacceptable without incorporation of the change or addition.

(3) The comment causes the NRC to make a change (other than editorial) to the rule, certificate of compliance, or technical specifications.

For a more detailed discussion of the proposed rule changes and associated analyses, see the direct final rule published in the Rules and Regulations section of this issue of the **Federal Register**.

III. Background

Section 218(a) of the Nuclear Waste Policy Act of 1982, as amended, requires that “[t]he Secretary [of the Department of Energy] shall establish a demonstration program, in cooperation with the private sector, for the dry storage of spent nuclear fuel at civilian nuclear power reactor sites, with the objective of establishing one or more technologies that the [Nuclear Regulatory] Commission may, by rule, approve for use at the sites of civilian nuclear power reactors without, to the maximum extent practicable, the need for additional site-specific approvals by the Commission.” Section 133 of the Nuclear Waste Policy Act states, in part, that “[t]he Commission shall, by rule,

establish procedures for the licensing of any technology approved by the Commission under Section 219(a) [sic: 218(a)] for use at the site of any civilian nuclear power reactor.”

To implement this mandate, the Commission approved dry storage of spent nuclear fuel in NRC-approved casks under a general license by publishing a final rule that added a new subpart K in part 72 of title 10 of the *Code of Federal Regulations* (10 CFR) entitled “General License for Storage of Spent Fuel at Power Reactor Sites” (55 FR 29181; July 18, 1990). This rule also established a new subpart L in 10 CFR part 72 entitled “Approval of Spent Fuel Storage Casks,” which contains procedures and criteria for obtaining NRC approval of spent fuel storage cask designs. The NRC subsequently issued a final rule on November 21, 2008 (73 FR 70587) that approved the NAC International, Inc. MAGNASTOR® Storage System design and added it to the list of NRC-approved cask designs in § 72.214 as Certificate of Compliance No. 1031.

IV. Plain Writing

The Plain Writing Act of 2010 (Pub. L. 111–274) requires Federal agencies to write documents in a clear, concise, and well-organized manner. The NRC has written this document to be consistent with the Plain Writing Act as well as the Presidential Memorandum, “Plain Language in Government Writing,” published June 10, 1998 (63 FR 31885). The NRC requests comment on the proposed rule with respect to clarity and effectiveness of the language used.

V. Availability of Documents

The documents identified in the following table are available to interested persons as indicated.

Document	ADAMS accession No./web link/ Federal Register citation
Proposed Renewed Certificate of Compliance and Proposed Technical Specifications	
Memorandum to REFS for Issuance of Amendment No. 13	ML24075A113 (Package).
Preliminary Safety Evaluation Report for CoC 1031 Amendment 13	ML24075A118.
Proposed Certificate of Compliance No. 1031 Amendment 13	ML24075A115.
Proposed CoC 1031 Amendment 13 TS Appendix A	ML24075A116.
Proposed CoC 1031 Amendment 13 TS Appendix B	ML24075A117.
Enclosure 2—Safety Evaluation Report, NAC International, Inc	ML090350589.
NAC International, Inc. MAGNASTOR® Storage System Amendment No. 13 Request Documents	
NAC, Submittal of an Amendment Request for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML22194A908.
Supplement to the Submission of an Amendment Request for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML22287A038.
Enclosure 1—List of Changes for MAGNASTOR® FSAR Amendment 13, Supplement 02, Revision 22D	ML22321A269.
Submittal of Supplemental Responses to the Nuclear Regulatory Commission’s (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23178A480 (Package).

Document	ADAMS accession No./web link/ Federal Register citation
Submission of Replacement Pages for Supplemental Responses to the Nuclear Regulatory Commission's (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23258A233.
Submission of Responses to the Nuclear Regulatory Commission's (NRC) Request for Additional Information for the NAC International MAGNASTOR® Cask System, Amendment No. 13.	ML23178A224 (Package).
Three Mile Island Nuclear Station, Unit 2 (TMI-2), License Amendment Request—Decommissioning Technical Specifications, Response to Request for Additional Information.	ML22276A024.
Forwards amend 48 to license DPR-73 & safety evaluation. Amend extensively modifies App A & B TSs consistent w/plans for post defueling monitoring storage of facility.	ML20059D154.
Other Documents	
NUREG-2215 "Standard Review Plan for Spent Fuel Dry Storage Systems and Facilities" Final Report	ML20121A190.
Issuance of Amendment No. 12	ML23328A396 (Package).

The NRC may post materials related to this document, including public comments, on the Federal rulemaking website at <https://www.regulations.gov> under Docket ID NRC-2024-0120. In addition, the Federal rulemaking website allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC-2024-0120); (2) click the "Subscribe" link; and (3) enter an email address and click on the "Subscribe" link.

Dated: August 21, 2024.

For the Nuclear Regulatory Commission.

Mirela Gavrilas,

Executive Director for Operations.

[FR Doc. 2024-19895 Filed 9-4-24; 8:45 am]

BILLING CODE 7590-01-P

FEDERAL ELECTION COMMISSION

11 CFR Part 104

[Notice 2024-21]

Requiring Reporting of Exchanges of Email Lists

AGENCY: Federal Election Commission.

ACTION: Notification of disposition of petition for rulemaking.

SUMMARY: The Commission announces its disposition of a Petition for Rulemaking filed on June 28, 2019. The Petition asks the Commission to revise existing reporting rules to state that mailing lists received or disbursed as part of an equal-value exchange must be reported. For the reasons described below, the Commission is not initiating a rulemaking at this time.

DATES: September 5, 2024.

ADDRESSES: Copies of the comments and the Petition for Rulemaking are available on the Commission's website, <https://www.fec.gov/fosers/> (REG 2019-03 Requiring Reporting of Exchanges of Email Lists (2019)), and at the

Commission's Public Records Office, 1050 First Street NE, Washington, DC, Monday through Friday between the hours of 9 a.m. and 5 p.m.

FOR FURTHER INFORMATION CONTACT: Ms. Amy Rothstein, Assistant General Counsel, or Ms. Sarah Herman Peck, Attorney, 1050 First Street NE, Washington, DC, (202) 694-1650 or (800) 424-9530.

SUPPLEMENTARY INFORMATION: The Federal Election Campaign Act, 52 U.S.C. 30101-45 (the "Act"), and Commission regulations require political committees to report "all receipts"¹ and "all disbursements."² Specifically, 52 U.S.C. 30104(b)(2) requires political committees to report both the "total amount of all receipts" generally and the "total amount of all receipts" in certain specified categories, namely: contributions; loans; Federal funds; rebates; refunds; offsets to operating expenditures; transfers from affiliated committees (and, for political party committees, transfers from another political party committee regardless of whether it is affiliated); and dividends, interest, and "other forms of receipts."³

Through a series of advisory opinions, the Commission has concluded that an equal-value exchange of mailing lists is neither a contribution, donation, or transfer of funds or any other thing of value.⁴ Therefore, it is "a non-reportable event."⁵

Then, in REG 2003-03 (Mailing Lists), the Commission proposed, and ultimately declined, to issue new regulations on mailing list sales, rentals,

and equal-value exchanges. In the notice of proposed rulemaking, the Commission proposed "to adopt formally its historical approach . . . or to modify those approaches . . . and to provide candidates and political committees with more comprehensive guidance on commercial transactions involving mailing lists."⁶ For equal-value exchanges, the Commission proposed to treat them neither as a contribution nor a reportable receipt if the exchange satisfies three elements.⁷ First, the parties must ascertain in advance the "usual and normal charge" for the mailing list.⁸ Second, the mailing lists must be of "equal value."⁹ And third, the mailing list exchange must be a "bona fide arm's length transaction with commercially reasonable terms."¹⁰

After reviewing the comments received on the proposed rule and holding a public hearing, the Commission decided not to proceed to final rules.¹¹ In doing so, the Commission relied on comments asserting that the appropriate factors for determining the usual and normal charge and whether a transaction is commercially reasonable will "vary considerably depending upon the circumstances."¹² Because the Commission could not conclude that any particular test would be "sufficiently flexible and comprehensive to address all circumstances to which the proposed rules would apply," it terminated the rulemaking through a Notice of Disposition.¹³

¹ 52 U.S.C. 30104(b)(2); *see also* 11 CFR

104.3(a)(2)(ix).

² 52 U.S.C. 30104(b)(4); *see also* 11 CFR 104.3(b).

³ 52 U.S.C. 30104(b)(2). The Act contains a similar reporting provision for disbursements. *See id.* section 30104(b)(4).

⁴ *See* Advisory Opinion 1981-46 (Dellums); Advisory Opinion 1982-41 (Dellums); Advisory Opinion 2002-14 (Libertarian National Committee).

⁵ Advisory Opinion 2002-14 (Libertarian National Committee) at 5.

⁶ Mailing Lists of Political Committees, 68 FR 52531, 52532 (Sept. 4, 2003).

⁷ *Id.* at 52535.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Mailing Lists of Political Committees, 68 FR 64571, 64571-72 (Nov. 14, 2003).

¹² *Id.* at 64572.

¹³ *Id.*

A decade and a half later, on June 28, 2019, the Commission received a Petition for Rulemaking (“Petition”) from Campaign Legal Center (“CLC”) asking the Commission to “amend 11 CFR 104.3 to clarify that the receipt or disbursement of a mailing list or other valuable information is subject to the reporting requirements in section 104.3.”¹⁴ Specifically, CLC asked the Commission to “clarify” that a list not subject to disclosure as a “contribution” or “expenditure,” such as a list received or provided as part of an equal-value exchange, “must nevertheless be reported as ‘other receipts’ under 11 CFR 104.3(a)(2)(viii), or ‘other disbursements,’ under 11 CFR 104.3(b)(ix).”¹⁵ The Petition argued that Advisory Opinions 1981–46 (Dellums), 1982–41 (Dellums), and 2002–14 (Libertarian National Committee)—in which the Commission concluded that the equal-value exchange of mailing lists consistent with industry practice is neither a contribution nor otherwise reportable under the Act—are “contrary to the plain text of the law, which requires disclosure of ‘all receipts’ and ‘all disbursements,’ not merely contributions, expenditures, or transfers.”¹⁶

The Commission published a notification of availability on August 28, 2019, asking for public comment on the Petition.¹⁷ The Commission received three timely comments from individuals and three late comments from CLC. Of the individual comments, two supported and one opposed the Petition.¹⁸ CLC’s comments urged the Commission to prioritize this and other pending regulatory matters.¹⁹

In deciding whether to initiate a rulemaking in response to a petition, the Commission generally considers five factors. They are (1) the Commission’s statutory authority; (2) policy considerations; (3) the desirability of proceeding on a case-by-case basis; (4) the necessity or desirability of statutory revision; and (5) available agency resources.²⁰

After considering these factors and reviewing the comments received on the Petition, the Commission has decided not to initiate a rulemaking at this time. The Commission previously expended considerable resources on this issue during its consideration of REG 2003–03 (Mailing Lists); indeed, construing the Act to require the reporting of equal-value exchanges of mailing lists, as the Petition requests, would likely raise the same thorny questions of valuation that led the Commission to terminate the 2003 rulemaking.²¹ Commenters in that rulemaking explained that the value of a particular mailing list often depends on factors outside of the content of the list itself, such as the identities of the buyers and sellers, the number of times the recipient plans to use the list, whether there are any restrictions placed on using the names received, and even media coverage of a particular issue, event, or candidate.²² Absent compelling evidence of a need to reopen these issues in a new rulemaking, doing so would not be a good use of agency resources, particularly given the Commission’s numerous other pending rulemaking petitions and ongoing rulemaking projects.

Nor is the Commission aware of any widespread misuse of mailing list exchanges to thwart the purposes of the Act and warrant Commission rulemaking action. The Petition provided only a single example of potential misuse, which the

Commission appropriately addressed through its enforcement process.²³

Furthermore, the context in which the terms “all receipts” and “all disbursements” appear in the Act validates the Commission’s longstanding conclusion that equal-value exchanges of mailing lists are “non-reportable events.”²⁴ Unlike the exchange of one list for another list of equal value, the forms of “receipts” enumerated in section 30104(b)(2) all serve to improve the reporting committee’s financial position.²⁵ Thus, under traditional canons of statutory construction,²⁶ the equal-value exchange of mailing lists—which would not itself change the reporting committee’s financial position—does not lend itself to being a “receipt” subject to the Act’s reporting requirements.²⁷ Moreover, reading the statutory term “receipt” to require reporting the value of a mailing list received in an equal-value exchange because it is “received” in the most literal sense of the word (as the Petition

²³ See Petition for Rulemaking, *supra* note 14, at 3–4 (pointing to MUR 6932 (Hillary Rodham Clinton) (failing by vote of 2–2 to approve First General Counsel’s Report recommendation that Commission find reason to believe email-list exchange was not *bona fide*). The Petition did not identify other examples of mailing list exchanges that were resolved through the Commission’s enforcement process, such as MUR 6888 (Republican National Committee, et al.), in which the Commission approved the First General Counsel’s Report’s recommendation of no reason to believe that a data exchange was not an arm’s length, commercial arrangement for an exchange of equal value, and MUR 5396 (Bauer for President 2000, Inc.), which resulted in a conciliation agreement where the parties agreed that lists exchanged were not of equal value.

²⁴ See Advisory Opinion 2002–14 (Libertarian National Committee) at 5.

²⁵ See 52 U.S.C. 30104(b)(2) (requiring reporting of contributions; loans; Federal funds; rebates; refunds; offsets to operating expenditures; transfers from affiliated committees (and, for party committees, transfers from another party committee regardless of whether it is affiliated); and dividends, interest, and “other forms of receipts”). The Act contains a similar reporting provision for “disbursements.” See *id.* section 30104(b)(4).

²⁶ “Under the ‘*ejusdem generis*’ principle (that’s Latin for ‘of the same kind’), a more general phrase that comes at the end of a specific list takes on the qualities of the list.” *Revitalizing Auto Communities Env’t Response Tr. v. Nat’l Grid USA*, 92 F.4th 415, 445 (2d Cir. 2024). “[T]he scope-of-subparts canon of statutory interpretation . . . holds that ‘[m]aterial contained in unindented text relates to all the following . . . indented subparts.’” *United States v. Lowell*, 2 F.4th 1291, 1296 (10th Cir. 2021) (quoting A. Scalia & B. Garner, *Reading Law: The Interpretation of Legal Texts* 156 (2012)).

²⁷ See Advisory Opinion 1981–46 (Dellums) at 2 (concluding that if there is “an exchange of names of equal ‘value’ according to accepted industry practice, the exchange would be considered full consideration for services rendered,” and, “[t]hus, no contribution or expenditure would result and the transaction would not be reportable under the Act”).

¹⁴ Campaign Legal Center, Petition for Rulemaking at 1 (June 28, 2019), REG 2019–03, <https://sers.fec.gov/fosers/showpdf.htm?docid=408334>.

¹⁵ *Id.*

¹⁶ *Id.* at 3.

¹⁷ See Requiring Reporting of Exchanges of Email Lists, 84 FR 45116 (Aug. 28, 2019).

¹⁸ One comment supporting the Petition characterized the Commission’s treatment of mailing list exchanges as a “loophole” that allows “independent expenditure-only committees (*i.e.* super PACs) to provide direct, valuable aid to candidate committees, in contravention of the law.” Samir Sheth & Professor Michael D. Gilbert, Comment at 1 (Oct. 28, 2019), <https://sers.fec.gov/fosers/showpdf.htm?docid=410225>. The comment opposing the Petition asserted that the proposed rulemaking would “place[] an undue onerous burden upon citizen activists.” Christine Kramar, Comment at 1 (Oct. 20, 2019), <https://sers.fec.gov/fosers/showpdf.htm?docid=410224>.

¹⁹ Campaign Legal Center, Comment at 2–3 (June 5, 2023), <https://sers.fec.gov/fosers/showpdf.htm?docid=423361>; Campaign Legal Center, Comment at 12 (Jan. 13, 2021), <https://sers.fec.gov/fosers/showpdf.htm?docid=413005>; Campaign Legal Center, Comment at 6–7 (June 16, 2020), <https://sers.fec.gov/fosers/showpdf.htm?docid=411922>.

²⁰ 11 CFR 200.5.

²¹ One such issue is who would be responsible for determining a list’s value and how. See, e.g., Transcript of Hearing on Candidate Travel, Multi-Candidate Committee Status, Biennial Contribution Limits at 182–85 (Oct. 1, 2003), REG 2003–03 (Mailing Lists) (“Hearing Transcript”), <https://sers.fec.gov/fosers/showpdf.htm?docid=425177> (discussing use of list brokers and means of list-price negotiations). Several commenters questioned the use of independent appraisers. See Lyn Utrecht, Eric Kleinfeld, James Lamb, and Pat Fiori, Comment at 1–2 (Sept. 25, 2003), <https://sers.fec.gov/fosers/showpdf.htm?docid=13912>. One cautioned that deferring to the valuation by “the SDRS [sic] and similar directories” would discount price negotiations that are “ubiquitous” in these transactions. Hearing Transcript at 184.

²² See Hearing Transcript, *supra* note 21, at 57–58, 163, 202–03; Utrecht, Kleinfeld, Lamb, and Fiori, *supra* note 21, at 1.

appears to suggest) would lead to absurd results, such as requiring political committees to assign a value to and report everything they have “received,” including uncompensated volunteer services²⁸ and other goods and services that are not “contributions” under the Act.

Additionally, the equal-value exchange of mailing lists is better suited to disposition on a case-by-case basis through advisory opinions and the enforcement process, as the Commission has been doing for the past 40 years. The Commission has issued several advisory opinions over the course of four decades on the treatment of mailing lists, several of which are referred to above. The Commission also previously conducted the 2003 rulemaking to consider whether to change its historical case-by-case practice to valuing mailing list exchanges and ultimately concluded that a case-by-case approach is the right way to go. Further, a case-by-case approach is more appropriate if, as several commenters in the prior rulemaking indicated, the proper valuation of a mailing list often depends on case-by-case facts.

Finally, there does not appear to be great public interest in the proposed rulemaking. The Commission received only six public comments in response to its Notice of Availability, half of which came from the petitioner here.

Accordingly, after considering the comments received regarding the Petition and in consideration of each of the factors discussed, the Commission declines to initiate a rulemaking in response to the Petition.

Dated: August 29, 2024.

On behalf of the Commission,

Sean J. Cooksey,

Chairman, Federal Election Commission.

[FR Doc. 2024–19900 Filed 9–4–24; 8:45 am]

BILLING CODE 6715–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[REG–120137–19]

RIN 1545–BP66

Update of Regulations Regarding Payment of Tax by Commercially Acceptable Means

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; reopening of comment period.

SUMMARY: This document reopens the period to submit comments or to request a public hearing for a notice of proposed rulemaking (REG–120137–19) that was published in the **Federal Register** on Tuesday, July 2, 2024. The proposed regulations relate to the payment of tax by commercially acceptable means and reflect changes to the law made by the Taxpayer First Act that would allow the IRS to directly accept payments of tax by credit or debit card, without having to connect taxpayers to third-party payment processors.

DATES: The comment period to submit written or electronic comments for the notice of proposed rulemaking published on July 2, 2024 (89 FR 54746), or to request a public hearing, is reopened through September 24, 2024.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG–120137–19) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the “Comments and Requests for a Public Hearing” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish any comments submitted electronically or on paper to the public docket. Send paper submissions to: CC:PA:01:PR (REG–120137–19), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Crystal Jackson-Kaloz of the Office of the Associate Chief Counsel (Procedure and Administration), (202) 317–5191 (not a toll-free number); concerning the submission of comments and requests for a public hearing, Publications and Regulations Section at (202) 317–6901 (not a toll-free number), or by sending an email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking and request for comments that appeared in the **Federal Register** on Tuesday, July 2, 2024 (89 FR 54746), announced that written or electronic comments must be received by September 3, 2024. Due to public interest, the due date to receive comments or request a public hearing

has been reopened through Tuesday, September 24, 2024.

Regina L. Johnson,

Federal Register Liaison, Publications and Regulations Section, Associate Chief Counsel, (Procedure and Administration).

[FR Doc. 2024–19854 Filed 9–4–24; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2024–0528]

RIN 1625–AA08

Special Local Regulation; Seddon Channel, Tampa, FL

AGENCY: Coast Guard, Department of Homeland Security (DHS).

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard is proposing to establish a temporary special local regulation for certain waters of the Seddon Channel. This action is necessary to provide for the safety of life on these navigable waters near the Tampa Convention Center, Tampa, FL, during a marine event on November 9, 2024. This proposed rulemaking would establish a special local regulation with the following regulated areas: an event area where all non-participant persons and vessels are prohibited from entering, transiting through, anchoring in, or remaining within unless authorized by the Captain of the Port St. Petersburg (COTP) or a designated representative; a spectator area where vessels will be directed to anchor while the event is taking place; and an enforcement area where designated representatives may control vessel traffic as determined by the prevailing conditions. We invite your comments on this proposed rulemaking.

DATES: Comments and related material must be received by the Coast Guard on or before October 7, 2024.

ADDRESSES: You may submit comments identified by docket number USCG–2024–0528 using the Federal Decision-Making 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. This notice of proposed rulemaking with its plain-language, 100-word-or-less proposed rule summary will be available in this same docket.

²⁸ 11 CFR 100.74.

FOR FURTHER INFORMATION CONTACT: If you have questions about this proposed rulemaking, call or email Marine Science Technician First Class Mara Brown, Sector St. Petersburg Prevention Department, U.S. Coast Guard; telephone 813–228–2191, email Mara.J.Brown@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background, Purpose, and Legal Basis

On January 13, 2024, an organization notified the Coast Guard that it will be conducting the Red Bull Flugtag Tampa from 7 a.m. to 8 p.m. on November 9, 2024. The Red Bull Flugtag is a free family-friendly event that challenges people to design and construct homemade “flying crafts” and attempt to fly or glide them off of a temporary structure known as the “Flight Deck”. Thirty-five (35) to 40 teams of 5 people will be selected to participate. Spectating takes place from both land and water. The COTP has determined that potential hazards associated with the event would be a safety concern for spectators and mariners adjacent to the Seddon channel.

The purpose of this rulemaking is to ensure the safety of event participants, spectators, and the general public on certain waters adjacent to the Seddon Channel before, during, and after the scheduled event. The Coast Guard is proposing this rulemaking under authority in 46 U.S.C. 70041.

III. Discussion of Proposed Rule

The COTP St. Petersburg is proposing to establish a special local regulation from 7 a.m. until 8 p.m., on November 9, 2024. The special local regulation would establish: (1) an event area where all non-participant persons and vessels are prohibited from entering, transiting through, anchoring in, or remaining within unless authorized by the COTP or a designated representative. The event area would cover all navigable waters in Seddon Channel commencing at latitude 27°56′27″ N, 082°27′28″ W, thence to position 27°56′29″ N, 082°27′28″ W, thence to position 27°56′25″ N, 082°27′18″ W, thence to position 27°56′23″ N, 082°27′19″ W, thence to the original position, (2) a spectator area where vessels will be directed to anchor while the event is taking place. The spectator area would

cover all navigable waters in Seddon Channel commencing at latitude 27°56′25″ N, 082°27′32″ W, thence to position 27°56′28″ N, 082°27′30″ W, thence to position 27°56′23″ N, 082°27′19″ W, thence to position 27°56′19″ N, 082°27′23″ W, thence to position 27°56′12″ N, 082°27′21″ W, thence to position 27°56′12″ N, 082°27′23″ W, thence to original position, and (3) an enforcement area where designated representatives may control vessel traffic as determined by the prevailing conditions. The enforcement area would cover all navigable waters in Seddon Channel commencing at latitude 27°56′18″ N, 082°27′43″ W, thence to position 27°56′30″ N, 082°27′33″ W, thence to position 27°56′30″ N, 082°27′29″ W, thence to position 27°56′25″ N, 082°27′17″ W, thence to position 27°56′22″ N, 082°27′16″ W, thence to position 27°56′18″ N, 082°27′20″ W, thence to position 27°56′04″ N, 082°27′13″ W, thence to position 27°56′02″ N, 082°27′19″ W, thence to position 27°56′23″ N, 082°27′32″ W, thence to position 27°56′17″ N, 082°27′39″ W thence to the original position.

Persons and vessels may request authorization to enter, transit through, anchor in, or remain within the event area by contacting the COTP St. Petersburg by telephone at (727) 824–7506, or a designated representative via VHF radio on channel 16. If authorization to enter, transit through, anchor in, or remain within the regulated area is granted by the COTP St. Petersburg or a designated representative, all persons and vessels receiving such authorization must comply with the instructions of the COTP St. Petersburg or a designated representative. The Coast Guard will provide notice of the special local regulation by Local Notice to Mariners, Broadcast Notice to Mariners, and on-scene designated representatives.

The regulatory text we are proposing appears at the end of this document.

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 a number of 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. This NPRM has not been designated a “significant regulatory action,” under section 3(f) of Executive Order 12866, as amended by Executive Order 14094 (Modernizing Regulatory Review). Accordingly, the NPRM has not been reviewed by the Office of Management and Budget (OMB).

This regulatory action determination is based on the following reasons: (1) the special local regulation would be enforced in a small designated area in the Seddon Channel for only one day; (2) although persons and vessels may not enter, transit through, anchor in, or remain within the event area without authorization from the COTP St. Petersburg or a designated representative, they may operate in the surrounding area during the enforcement period; (3) persons and vessels may still enter, transit through, anchor in, or remain within the spectator area and enforcement area; and (4) the Coast Guard will provide advance notification of the special local regulation to the local Notice to Mariners and Broadcast Notice to Mariners.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980, 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 enter, transit through, anchor in, or remain within the enforcement area 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 proposed 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

proposed rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please call or email 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 not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

D. Federalism and Indian Tribal Governments

A proposed 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 call or email 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 would not result in such an expenditure, we do discuss the potential effects of this proposed rule elsewhere in this preamble.

F. Environment

We have analyzed this proposed rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have made a preliminary determination that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This proposed rule involves implementation of regulations within 33 CFR part 100 applicable to organized marine events on the navigable waters of the United States that could negatively impact the safety of waterway users and shore side activities in the event area lasting for 13 total hours. Normally such actions are categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1. A preliminary Record of Environmental Consideration supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble. 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 call or email 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.

Submitting comments. We encourage you to submit comments through the Federal Decision-Making Portal at <https://www.regulations.gov>. To do so, go to <https://www.regulations.gov>, type USCG–2024–0528 in the search box and

click “Search.” Next, look for this document in the Search Results column, and click on it. Then click on the Comment option. If you cannot submit your material by using <https://www.regulations.gov>, call or email the person in the **FOR FURTHER INFORMATION CONTACT** section of this proposed rule for alternate instructions.

Viewing material in docket. To view documents mentioned in this proposed rule as being available in the docket, find the docket as described in the previous paragraph, and then select “Supporting & Related Material” in the Document Type column. Public comments will also be placed in our online docket and can be viewed by following instructions on the <https://www.regulations.gov> Frequently Asked Questions web page. Also, if you click on the Dockets tab and then the proposed rule, you should see a “Subscribe” option for email alerts. The option will notify you when comments are posted, or a final rule is published.

We review all comments received, but we will only post comments that address the topic of the proposed rule. We may choose not to post off-topic, inappropriate, or duplicate comments that we receive.

Personal information. We accept anonymous comments. Comments we post to <https://www.regulations.gov> will include any personal information you have provided. For more about privacy and submissions to the docket in response to this document, see DHS’s eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

List of Subjects in 33 CFR Part 100

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

For the reasons discussed in the preamble, the Coast Guard is proposing to amend 33 CFR Part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05–1.

■ 2. Add § 100.T07–0528 to read as follows:

§ 100.T07–0528 Red Bull Flugtag Seddon Channel, Tampa, FL.

(a) *Regulated areas.* The regulations in this section apply to the following areas (all coordinates are based on North American Datum 1983):

(1) An event area where all non-participant persons and vessels are

prohibited from entering, transiting through, anchoring in, or remaining within unless authorized by the Captain of the Port St. Petersburg (COTP) or a designated representative. The event area covers all navigable waters in Seddon Channel commencing at latitude 27°56'27" N, 082°27'28" W, thence to position 27°56'29" N, 082°27'28" W, thence to position 27°56'25" N, 082°27'18" W, thence to position 27°56'23" N, 082°27'19" W, thence to the original position;

(2) A spectator area where vessels will be directed to anchor while the event is taking place. The spectator area covers all navigable waters in Seddon Channel commencing at latitude 27°56'25" N, 082°27'32" W, thence to position 27°56'28" N, 082°27'30" W, thence to position 27°56'23" N, 082°27'19" W, thence to position 27°56'19" N, 082°27'23" W, thence to position 27°56'12" N, 082°27'21" W, thence to position 27°56'12" N, 082°27'23" W, thence to original position; and

(3) An enforcement area where designated representatives may control vessel traffic as determined by the prevailing conditions. The enforcement area covers all navigable waters in Seddon Channel commencing at latitude 27°56'18" N, 082°27'43" W, thence to position 27°56'30" N, 082°27'33" W, thence to position 27°56'30" N, 082°27'29" W, thence to position 27°56'25" N, 082°27'17" W, thence to position 27°56'22" N, 082°27'16" W, thence to position 27°56'18" N, 082°27'20" W, thence to position 27°56'04" N, 082°27'13" W, thence to position 27°56'02" N, 082°27'19" W, thence to position 27°56'23" N, 082°27'32" W, thence to position 27°56'17" N, 082°27'39" W thence to the original position.

(b) *Definitions.* As used in this section—

Captain of the Port (COTP) St. Petersburg means the Commander, U.S. Coast Guard Sector St. Petersburg or any Coast Guard commissioned, warrant or petty officer who has been authorized by the COTP to act on his behalf.

Designated representative means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the COTP in the enforcement of the regulations in this section.

Participant means all persons and vessels registered with the event sponsor as a participant in the race.

(c) *Regulations.* (1) All non-participants are prohibited from entering, transiting through, anchoring in, or remaining within the event area

described in paragraph (a)(1) of this section unless authorized by the COTP or their designated representative.

(2) Designated representatives may control vessel traffic throughout the enforcement area described in paragraph (a)(3) of this section as determined by the prevailing conditions.

(3) To seek permission to enter, contact the COTP or the COTP's representative by contacting the COTP St. Petersburg by telephone at (727) 824-7506. Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the designated representative.

(4) The COTP will provide notice of the regulated area through advanced notice via broadcast notice to mariners and by on-scene designated representatives.

(d) *Enforcement period.* This section will be enforced from 7 a.m. to 8 p.m. on November 9, 2024.

Dated: August 26, 2024.

Michael P. Kahle,

Captain, U.S. Coast Guard, Captain of the Port St. Petersburg.

[FR Doc. 2024-19847 Filed 9-4-24; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 21

RIN 2900-AS15

Timely Certification and Reporting for Veterans Attending Training Programs

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) Veteran Readiness and Employment (VR&E) Service is proposing to amend a regulation to establish timeframes for initial or monthly certification to VA of a Chapter 31 veteran's enrollment at a facility, which would include information regarding the veteran's rate of pursuit, dates of attendance, and the number of credit or training hours, and for reporting to VA when changes are made. This would allow for the timely processing of monthly subsistence allowance payments to participating veterans who depend on these funds. It would also help prevent undue hardship for veterans resulting from underpayments or overpayments caused by the delay in reporting changes in rate of pursuit, dates of attendance, or the number of credit or training hours.

DATES: Comments must be received on or before November 4, 2024.

ADDRESSES: Comments must be submitted through www.regulations.gov. Except as provided below, comments received before the close of the comment period will be available at www.regulations.gov for public viewing, inspection, or copying, including any personally identifiable or confidential business information that is included in a comment. We post the comments received before the close of the comment period on www.regulations.gov as soon as possible after they have been received. VA will not post on www.regulations.gov public comments that make threats to individuals or institutions or suggest that the commenter will take actions to harm an individual. VA encourages individuals not to submit duplicative comments; however, we will post comments from multiple unique commenters even if the content is identical or nearly identical to other comments. Any public comment received after the comment period's closing date is considered late and will not be considered in the final rulemaking. In accordance with the Providing Accountability Through Transparency Act of 2023, a 100 word Plain-Language Summary of this proposed rule is available at Regulations.gov, under RIN 2900-AS15.

FOR FURTHER INFORMATION CONTACT:

Loraine Spangler, Policy Analyst, Veteran Readiness and Employment Services (28), 810 Vermont Avenue NW, Washington, DC 20420, loraine.spangler@va.gov, (202) 461-9600. (This is not a toll-free telephone number.)

SUPPLEMENTARY INFORMATION: Per 38 U.S.C. 3100, one of the purposes of the VR&E program (also known as Chapter 31) is to provide services and assistance necessary to enable veterans with service-connected disabilities to obtain suitable employment. This may encompass training or retraining at a facility as part of a veteran's Chapter 31 vocational rehabilitation program. As provided in 38 U.S.C. 3684(a)(1), the veteran and the educational institution offering a course in which such veteran is enrolled under Chapter 31 "shall, without delay, report to the Secretary, in the form prescribed by the Secretary, such enrollment and any interruption or termination of the education of each such veteran."

VA also pays veterans a subsistence allowance during the period of training. The purpose of the subsistence allowance is to assist with expenses related to the training. VA pays the

subsistence allowance after receiving the School Certifying Official's (SCO) certification of a Chapter 31 veteran's enrollment in a facility. The SCO certifies a veteran's rate of pursuit, dates of attendance, and the number of credit or training hours and informs VA when changes are made.

Currently, VR&E has no established timeframes for SCOs to initially certify and inform VA of changes made to a Chapter 31 veteran's rate of pursuit, dates of attendance, and the number of credit or training hours. The lack of an established timeframe contributes to unnecessary delays in the timely processing of monthly subsistence allowance payments to veterans who depend on these funds. Additionally, if a veteran increases, decreases, or terminates enrollment and the certification is not updated in a timely manner, the delay may create an undue hardship for the veteran if he or she is underpaid or overpaid. If a veteran is overpaid, VA must establish a debt against the veteran even though it may have been due to the SCO's delay in updating the certification. VA is proposing to revise 38 CFR 21.294 to describe what would constitute timely initial certification and timely reporting of changes to rate of pursuit, dates of attendance, and the number of credit or training hours for Chapter 31 veterans. Revised § 21.294(a)(4)(ii) would require SCOs to submit initial certifications to VA within 30 days of the beginning of the school term. See, e.g., 38 CFR 21.4203(d) (reporting requirements under VA's education program). SCOs would also be required to report changes in rate of pursuit, dates of attendance or the number of credit or training hours within 30 days of when a veteran makes such change. This amendment would help prevent underpayments and overpayments that may otherwise create unnecessary hardship for veterans. A veteran could request waiver of a debt, but such request would not be granted automatically. These changes would result in improved, timelier services to veterans.

Executive Orders 12866, 13563 and 14094

Executive Order 12866 (Regulatory Planning and Review) directs agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving

Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 14094 (Executive Order on Modernizing Regulatory Review) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866 of September 30, 1993 (Regulatory Planning and Review), and Executive Order 13563 of January 18, 2011 (Improving Regulation and Regulatory Review). The Office of Information and Regulatory Affairs has determined that this rulemaking is not a significant regulatory action under Executive Order 12866, as amended by Executive Order 14094. The Regulatory Impact Analysis associated with this rulemaking can be found as a supporting document at www.regulations.gov.

Regulatory Flexibility Act

The Secretary hereby certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (5 U.S.C. 601–612). The factual basis for this certification is that the changes made by this rulemaking would require SCOs, which are currently required to submit certifications and reports to VA, to submit them in a timely manner, which would primarily impact the veteran participants. Any impact this rulemaking may have on facilities that may be considered small entities should be nominal because we would not be creating any additional obligations or burdens on the facilities. Therefore, pursuant to 5 U.S.C. 605(b), the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604 do not apply.

Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. This proposed rule would have no such effect on State, local, and tribal governments, or on the private sector.

Paperwork Reduction Act

Although this proposed rule contains collections of information under the provisions of the Paperwork Reduction

Act of 1995 (44 U.S.C. 3501–3521), there are no provisions associated with this rulemaking constituting any new collection of information or any revisions to the current collections of information. The collections of information for 38 CFR 21.294 are currently approved by the Office of Management and Budget (OMB) and have valid OMB control numbers of 2900–0073 and 2900–0156.

List of Subjects in 38 CFR Part 21

Administrative practice and procedure, Armed forces, Civil rights, Claims, Colleges and universities, Conflict of interests, Education, Employment, Grant programs—education, Grant programs—veterans, Health care, Loan programs—education, Loan programs—veterans, Manpower training programs, Reporting and recordkeeping requirements, Schools, Travel and transportation expenses, Veterans, Vocational education, Vocational rehabilitation.

Signing Authority

Denis McDonough, Secretary of Veterans Affairs, approved and signed this document on August 29, 2024, and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs.

Jeffrey M. Martin,

Assistant Director, Office of Regulation Policy & Management, Office of General Counsel, Department of Veterans Affairs.

For the reasons stated in the preamble, the Department of Veterans Affairs proposes to amend 38 CFR part 21 as set forth below:

PART 21—VETERAN READINESS AND EMPLOYMENT AND EDUCATION

Subpart A—Veteran Readiness and Employment

- 1. The authority citation for part 21, subpart A, continues to read as follows:

Authority: 38 U.S.C. 501(a), chs. 18, 31, and as noted in specific sections.

- 2. Amend § 21.294 by revising paragraph (a)(4)(ii) to read as follows:

§ 21.294 Selecting the training or rehabilitation facility.

(a) * * *

(4) * * *

(ii) To provide timely and accurate information covering the veteran's attendance, performance, and progress in training. The school certifying official must initially certify the rate of pursuit, dates of attendance, and credit or

training hours within 30 calendar days of the beginning of the term. Any change in the rate of pursuit, dates of attendance, or credit or training hours must be submitted to VA within 30 calendar days of when a veteran makes such a change.

* * * * *

[FR Doc. 2024–19852 Filed 9–4–24; 8:45 am]

BILLING CODE 8320–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R09–OAR–2024–0315; FRL–12098–01–R9]

Air Plan Approval; California; Feather River Air Quality Management District

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to approve a revision to the Feather River Air Quality Management District (FRAQMD or “District”) portion of the California State Implementation Plan (SIP). This revision concerns recodification of certain rules to replace historical Sutter County Air Pollution Control District and Yuba County Air Pollution Control District rules with the corresponding FRAQMD rules. These rules regulate pollutants under the Clean Air Act (CAA or “Act”). We are taking comments on this proposal and plan to follow with a final action.

DATES: Comments must be received on or before October 7, 2024.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R09–OAR–2024–0315 at <https://www.regulations.gov>. For comments submitted at [Regulations.gov](https://www.regulations.gov), follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from [Regulations.gov](https://www.regulations.gov). The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or

other file sharing system). For additional submission methods, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section. For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>. If you need assistance in a language other than English or if you are a person with a disability who needs a reasonable accommodation at no cost to you, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section.

FOR FURTHER INFORMATION CONTACT: Kira Wiesinger, EPA Region IX, 75 Hawthorne St., San Francisco, CA 94105; phone: (415) 972–3827; email: wiesinger.kira@epa.gov.

SUPPLEMENTARY INFORMATION: Throughout this document, “we,” “us” and “our” refer to the EPA.

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I. The State’s Submittal

A. What is the purpose of the submitted SIP revision?

Under the CAA, the EPA has established National Ambient Air Quality Standards (NAAQS) for certain pervasive air pollutants, including, among others, ozone and particulate matter. Under CAA section 110(a), states are required to adopt and submit SIPs to implement, maintain and enforce the NAAQS. Under CAA section 107(d), the EPA has designated all areas of the country as attainment, nonattainment, or unclassifiable for the NAAQS. Areas designated as nonattainment must adopt and submit SIP revisions that, among other things, provide for attainment of the NAAQS by the applicable attainment date.

In 1972, when the original California SIP was submitted and approved by the EPA, the Sutter County Air Pollution Control District (SCAPCD) managed air quality programs in Sutter County, while the Yuba County Air Pollution Control District (YCAPCD) managed air quality programs in Yuba County. On various dates, the EPA approved rules and revisions submitted by these two districts for inclusion in the California SIP.

In 1991, the SCAPCD merged with the YCAPCD to form the FRAQMD. The FRAQMD is a bi-county agency that administers air quality management programs for Sutter and Yuba counties. The newly formed FRAQMD adopted many rules and regulations for the District that were identical to the previously existing SCAPCD and YCAPCD rules and regulations, but many of those FRAQMD rules were not submitted for inclusion in the California SIP. The FRAQMD portion of the California SIP currently includes rules adopted by the predecessor agencies, the SCAPCD and the YCAPCD, to the extent that such rules have not been superseded or removed through EPA approval of rules or rescissions adopted by the FRAQMD. Thus, the SCAPCD and the YCAPCD no longer exist, but several of their rules remain in the California SIP while the corresponding locally-adopted FRAQMD rules are not included in the SIP. On May 11, 2023, the FRAQMD submitted a request through the California Air Resources Board (CARB) to replace specific SCAPCD and YCAPCD rules with applicable FRAQMD rules. Approval of the request would revise the California SIP to include the FRAQMD rules and remove the historical SCAPCD and YCAPCD rules that are no longer needed in the SIP. The approval of this request would be considered administrative in nature and treated as a recodification of existing SIP rules to align the SIP version of the rules with those that are currently in effect in the FRAQMD.

B. What rules did the State submit?

The following rules were locally adopted by the FRAQMD on August 12, 1991,¹ and submitted by CARB on May 11, 2023, for inclusion in the California SIP:

- Rule 3.0, Visible Emissions
- Rule 3.1, Exceptions to Rule 3.0 (excluding paragraph D)
- Rule 3.2, Particulate Matter Concentration
- Rule 3.3, Dust and Fumes
- Rule 3.4, Separation of Emissions
- Rule 3.5, Combination of Emissions
- Rule 3.6, Abrasive Blasting
- Rule 3.7, Reduction of Animal Matter
- Rule 3.10, Sulfur Oxides
- Rule 3.13, Circumvention

¹ The FRAQMD rules were initially scheduled for adoption at a June 1991 Board Meeting, but the adoption was postponed to August 1991. The FRAQMD ultimately adopted the rules in this section on August 12, 1991, but “6/91” remained as the adoption date printed on the rules. Additionally, a typographic error in Rule 3.3 was corrected and adopted by the FRAQMD on October 3, 2022, without changing the official adoption date of the rule.

Rule 9.6, Equipment Breakdown

The following SCAPCD rules were originally adopted on December 16, 1980, and approved into the California SIP on April 12, 1982 (47 FR 15585). Since the SCAPCD no longer exists and there is a locally-adopted FRAQMD rule corresponding to each of these SCAPCD rules, the FRAQMD requested to remove these rules from the California SIP and replace them with the submitted FRAQMD rules listed above. That request was submitted by CARB on May 11, 2023.²

Rule 3.0, Visible Emissions

Rule 3.1, Exceptions to Rule 3.0

Rule 3.2, Particulate Matter

Concentration

Rule 3.3, Dust and Fumes

Rule 3.4, Separation of Emissions

Rule 3.5, Combination of Emissions

Rule 3.6, Sand Blasting

Rule 3.7, Reduction of Animal Matter

Rule 3.10, Sulfur Oxides

Rule 3.13, Circumvention

Rule 9.6, Equipment Breakdown

The following YCAPCD rules were originally adopted on July 24, 1980, and approved into the California SIP on April 12, 1982 (47 FR 15585). Since the YCAPCD no longer exists and there is a locally-adopted FRAQMD rule corresponding to each of these YCAPCD rules, the FRAQMD requested to remove these rules from the California SIP and replace them with the submitted FRAQMD rules listed above. That request was submitted by CARB on May 11, 2023.²

Rule 3.0, Visible Emissions

Rule 3.1, Exceptions to Rule 3.0

Rule 3.2, Particulate Matter

Concentration

Rule 3.3, Dust and Fumes

Rule 3.4, Separation of Emissions

Rule 3.5, Combination of Emissions

Rule 3.6, Sand Blasting

Rule 3.7, Reduction of Animal Matter

Rule 3.10, Sulfur Oxides

Rule 3.13, Circumvention

Rule 9.6, Equipment Breakdown

On November 11, 2023, the submittal for the FRAQMD's request was deemed by operation of law to meet the completeness criteria in 40 CFR part 51, appendix V, which must be met before formal EPA review.

C. Are there other versions of these rules?

The EPA previously approved the SCAPCD and YCAPCD rules listed in

section B and those rules are considered as applicable in the FRAQMD portion of the California SIP. If the EPA finalizes this action as proposed, then the corresponding FRAQMD rules listed in section B will supersede the SCAPCD and YCAPCD rules listed above.

II. The EPA's Evaluation and Action

A. Scope of the EPA's Review

The purpose of the submission of the FRAQMD rules is to align the versions of the rules that are part of the SIP with the versions found in the current District rulebook. The EPA is reviewing the rules specified herein as recodifications of existing rules and is not reviewing the substance of the rules at this time.³ The EPA approved these rules from the predecessor agencies, the SCAPCD and the YCAPCD, into the SIP via prior rulemakings. The EPA is subsequently proposing to approve the FRAQMD versions of rules to replace identical rules that were previously approved by the EPA. The EPA's proposed approval of the FRAQMD rules does not imply any position with respect to the approvability of the substance of the rules. To the extent the EPA has issued any SIP calls to the State with respect to the adequacy of any of the rules subject to this recodification, the EPA will continue to require the State to correct any such rule deficiencies despite the EPA's proposed approval of this recodification.

B. Proposed Action and Public Comment

As authorized in section 110(k)(3) of the Act, the EPA proposes to approve the submitted FRAQMD rules because they represent recodifications of existing SIP rules. If approved, these rules would supersede the SCAPCD and YCAPCD rules of the same corresponding number. The EPA is therefore also proposing to approve the rescissions of the corresponding SCAPCD and YCAPCD rules because they mirror recodified rules proposed for approval. We will accept comments from the public on this proposal until October 7, 2024. If the EPA takes final action to approve the submitted rules, the final action would incorporate these rules into the federally enforceable SIP and would remove the preceding SCAPCD and YCAPCD rules that are to be rescinded or superseded in the California SIP as requested.

III. Incorporation by Reference

In this rule, the EPA is proposing to include in a final EPA rule regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR 51.5, the EPA is proposing to incorporate by reference FRAQMD Rule 3.0, "Visible Emissions"; FRAQMD Rule 3.1, "Exceptions to Rule 3.0" (excluding paragraph D); FRAQMD Rule 3.2, "Particulate Matter Concentration"; FRAQMD Rule 3.3, "Dust and Fumes"; FRAQMD Rule 3.4, "Separation of Emissions"; FRAQMD Rule 3.5, "Combination of Emissions"; FRAQMD Rule 3.6, "Abrasive Blasting"; FRAQMD Rule 3.7, "Reduction of Animal Matter"; FRAQMD Rule 3.10, "Sulfur Oxides"; FRAQMD Rule 3.13, "Circumvention"; and FRAQMD Rule 9.6, "Equipment Breakdown," all adopted on August 12, 1991, which regulate emissions of air pollutants. The EPA has made, and will continue to make, these materials available through <https://www.regulations.gov> and at the EPA Region IX Office (please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section of this preamble for more information).

IV. Statutory and Executive Order Reviews

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

- Is not a significant regulatory action subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 14094 (88 FR 21879, April 11, 2023);
- 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);

² In its May 11, 2023 submittal, the FRAQMD also requested to rescind SCAPCD Rule 9.5, "Air Pollution Equipment—Scheduled Maintenance," and YCAPCD Rule 9.5, "Air Pollution Equipment—Scheduled Maintenance," without replacement. The request for rescission of those two rules is not being acted on in this action.

³ Memorandum dated February 12, 1990, from Johnnie L. Pearson, Chief, Regional Activities Section, EPA Office of Air Quality Planning and Standards to Chief, Air Branch, Regions I–X, Subject: "Review of State Regulation Recodifications."

- Does not have federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);

- Is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997) because it proposes to approve a state program;

- Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001); and

- Is not subject to requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act.

In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where the EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the proposed rule does not have tribal implications and will not impose substantial direct costs on tribal governments or preempt tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

Executive Order 12898 (Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, 59 FR 7629, Feb. 16, 1994) directs Federal agencies to identify and address “disproportionately high and adverse human health or environmental effects” of their actions on communities with environmental justice (EJ) concerns to the greatest extent practicable and permitted by law. The EPA defines EJ as “the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.” The EPA further defines the term fair treatment to mean that “no group of people should bear a disproportionate burden of environmental harms and risks, including those resulting from the negative environmental consequences of industrial, governmental, and commercial operations or programs and policies.”

The State did not evaluate EJ considerations as part of its SIP submittal; the CAA and applicable implementing regulations neither prohibit nor require such an evaluation. The EPA did not perform an EJ analysis and did not consider EJ in this action. Consideration of EJ is not required as part of this action, and there is no information in the record inconsistent with the stated goal of E.O. 12898 of achieving EJ for communities with EJ concerns.

List of Subjects in 40 CFR Part 52

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

Dated: August 28, 2024.

Martha Guzman Aceves,
Regional Administrator, Region IX.

[FR Doc. 2024–19848 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 63

[EPA–HQ–OAR–2004–0022; FRL–11253–03–OAR]

RIN 2060–AW06

National Emission Standards for Hazardous Air Pollutants From Hazardous Waste Combustors Malfunction and Electronic Reporting Amendments; Extension of Comment Period

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule; extension of public comment period.

SUMMARY: On July 24, 2024, the U.S. Environmental Protection Agency (EPA) proposed amendments to the National Emission Standards for Hazardous Air Pollutants (NESHAP) from Hazardous Waste Combustors (HWC). The EPA is extending the comment period on this proposed rule that currently closes on September 9, 2024, by 15 days. The comment period will now remain open until September 24, 2024, to allow additional time for stakeholders to review and comment on the proposal.

DATES: The public comment period for the proposed rule published in the **Federal Register** (FR) on July 24, 2024 (89 FR 59867), originally ending September 9, 2024, is being extended by 15 days. Written comments must now be received on or before September 24, 2024.

ADDRESSES: You may send comments, identified by Docket ID No. EPA–HQ–OAR–2004–0022, by any of the following methods:

- **Federal eRulemaking Portal:** <https://www.regulations.gov/> (our preferred method). Follow the online instructions for submitting comments.
- **Email:** a-and-r-docket@epa.gov. Include Docket ID No. EPA–HQ–OAR–2004–0022 in the subject line of the message.

- **Fax:** (202) 566–9744. Attention Docket ID No. EPA–HQ–OAR–2004–0022.

- **Mail:** U.S. Environmental Protection Agency, EPA Docket Center, Docket ID No. EPA–HQ–OAR–2004–0022, Mail Code 28221T, 1200 Pennsylvania Avenue NW, Washington, DC 20460.

- **Hand/Courier Delivery:** EPA Docket Center, WJC West Building, Room 3334, 1301 Constitution Avenue NW, Washington, DC 20004. The Docket Center’s hours of operation are 8:30 a.m.–4:30 p.m., Monday–Friday (except Federal holidays).

Instructions: All submissions received must include the Docket ID No. for this rulemaking. Comments received may be posted without change to <https://www.regulations.gov/>, including any personal information provided. For detailed instructions on sending comments and additional information on the rulemaking process, see the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: For questions about this proposed action, contact U.S. EPA, Attn: Rachel Smoak, Mail Drop: E143–02, 109 T.W. Alexander Drive, P.O. Box 12055, RTP, North Carolina 27711; telephone number: (919) 541–0253; and email address: smoak.rachel@epa.gov.

SUPPLEMENTARY INFORMATION:

Rationale. On July 24, 2024, the EPA proposed amendments to 40 Code of Federal Regulations (CFR) part 63, subpart EEE, the National Emission Standards for Hazardous Air Pollutants from Hazardous Waste Combustors (HWC NESHAP). 89 FR 59867. The comment period on this proposed rule currently closes on September 9, 2024. The EPA has received multiple requests for additional time to review and comment on this proposed rule. The EPA has decided to extend the period by 15 days. The public comment period will now end on September 9, 2024.

Docket. The EPA has established a docket for this rulemaking under Docket ID No. EPA–HQ–OAR–2004–0022. All documents in the docket are listed in <https://www.regulations.gov/>. Although listed, 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. With the exception of such material, publicly available docket materials are available electronically in *Regulations.gov*.

Instructions. Direct your comments to Docket ID No. EPA–HQ–OAR–2004–

0022. The EPA's policy is that all comments received will be included in the public docket without change and may be made available online at <https://www.regulations.gov/>, including any personal information provided, unless the comment includes information claimed to be CBI or other information whose disclosure is restricted by statute. Do not submit electronically to <https://www.regulations.gov/> any information that you consider to be CBI or other information whose disclosure is restricted by statute. This type of information should be submitted as discussed below.

The EPA may publish any comment received to its public docket. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the Web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/submitting-epa-dockets>.

The <https://www.regulations.gov/> website allows you to submit your comment anonymously, which means the EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an email comment directly to the EPA without going through <https://www.regulations.gov/>, your email address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the internet. If you submit an electronic comment, the EPA recommends that you include your name and other contact information in the body of your comment and with any digital storage media you submit. If the EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, the EPA may not be able to consider your comment. Electronic files should not include special characters or any form of encryption and be free of any defects or

viruses. For additional information about the EPA's public docket, visit the EPA Docket Center homepage at <https://www.epa.gov/dockets>.

Submitting CBI. Do not submit information containing CBI to the EPA through <https://www.regulations.gov/>. Clearly mark the part or all of the information that you claim to be CBI. For CBI information on any digital storage media that you mail to the EPA, note the docket ID, mark the outside of the digital storage media as CBI, and identify electronically within the digital storage media the specific information that is claimed as CBI. In addition to one complete version of the comments that includes information claimed as CBI, you must submit a copy of the comments that does not contain the information claimed as CBI directly to the public docket through the procedures outlined in *Instructions* above. If you submit any digital storage media that does not contain CBI, mark the outside of the digital storage media clearly that it does not contain CBI and note the docket ID. Information not marked as CBI will be included in the public docket and the EPA's electronic public docket without prior notice. Information marked as CBI will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

Our preferred method to receive CBI is for it to be transmitted electronically using email attachments, File Transfer Protocol (FTP), or other online file sharing services (*e.g.*, Dropbox, OneDrive, Google Drive). Electronic submissions must be transmitted directly to the Office of Air Quality Planning and Standards (OAQPS) CBI Office at the email address oaqps_cbi@epa.gov, and as described above, should include clear CBI markings, and note the docket ID. If assistance is needed with submitting large electronic files that exceed the file size limit for email attachments, and if you do not have your own file sharing service, please email oaqps_cbi@epa.gov to request a file transfer link. If sending CBI information through the postal service, please send it to the following address: OAQPS Document Control Officer (C404-02), OAQPS, U.S. Environmental Protection Agency, P.O. Box 12055, Research Triangle Park, North Carolina 27711, Attention Docket ID No. EPA-

HQ-OAR-2004-0022. The mailed CBI material should be double wrapped and clearly marked. Any CBI markings should not show through the outer envelope.

Penny Lassiter,

Director, Sector Policies and Programs Division.

[FR Doc. 2024-19851 Filed 9-4-24; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 300

[EPA-HQ-OLEM-2024-0376, 0374, 0375, and 0377; FRL-12162-01-OLEM]

National Priorities List

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or "the Act"), as amended, requires that the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP") include a list of national priorities among the known releases or threatened releases of hazardous substances, pollutants or contaminants throughout the United States. The National Priorities List ("NPL") constitutes this list. The NPL is intended primarily to guide the Environmental Protection Agency ("EPA" or "the agency") in determining which sites warrant further investigation. These further investigations will allow the EPA to assess the nature and extent of public health and environmental risks associated with the site and to determine what CERCLA-financed remedial action(s), if any, may be appropriate. This rule proposes to add four sites to the General Superfund section of the NPL.

DATES: Comments regarding any of these proposed listings must be submitted on or before November 4, 2024.

ADDRESSES: Identify the appropriate docket number from the table below.

DOCKET IDENTIFICATION NUMBERS BY SITE

Site name	City/county, state	Docket ID No.
Exide Technologies—Vernon	Vernon, CA	EPA-HQ-OLEM-2024-0376.
Historic Potteries	Trenton, NJ	EPA-HQ-OLEM-2024-0374.
Carlisle Village Cleaners	Albuquerque, NM	EPA-HQ-OLEM-2024-0375.
J.H. Baxter	Eugene, OR	EPA-HQ-OLEM-2024-0377.

You may send comments, identified by the appropriate docket number, by any of the following methods:

- **Federal eRulemaking Portal:** <https://www.regulations.gov/> (our preferred method). Follow the online instructions for submitting comments.

- **Agency Website:** <https://www.epa.gov/superfund/current-npl-updates-new-proposed-npl-sites-and-new-npl-sites>; scroll down to the site for which you would like to submit comments and click the “Comment Now” link.

- **Mail:** U.S. Environmental Protection Agency, EPA Docket Center, Superfund Docket, Mail Code 28221T, 1200 Pennsylvania Avenue NW, Washington, DC 20460.

- **Hand Delivery or Courier (by scheduled appointment only):** EPA Docket Center, WJC West Building, Room 3334, 1301 Constitution Avenue NW, Washington, DC 20004. The Docket Center’s hours of operations are 8:30 a.m.–4:30 p.m., Monday–Friday (except Federal holidays).

Instructions: All submissions received must include the appropriate Docket ID No. for site(s) for which you are submitting comments. Comments received may be posted without change to <https://www.regulations.gov/>, including any personal information provided. For detailed instructions on sending comments and additional information on the rulemaking process, see the “Public Review/Public Comment” heading of the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Vanessa Van Note, Site Assessment and Remedy Decisions Branch, Assessment and Remediation Division, Office of Superfund Remediation and Technology Innovation (Mail code 5203T), U.S. Environmental Protection Agency, 1301 Constitution Avenue NW, Washington, DC 20460, telephone number: (571) 882–3866, email address: vannote.vanessa@epa.gov.

SUPPLEMENTARY INFORMATION:

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 - Paperwork Reduction Act (PRA)
 - Regulatory Flexibility Act (RFA)
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 - Executive Order 13045: Protection of Children From Environmental Health and Safety Risks
 - Executive Order 13211: Actions That Significantly Affect Energy Supply, Distribution, or Use
 - National Technology Transfer and Advancement Act (NTTAA)
 - Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations

I. Public Review/Public Comment

A. May I review the documents relevant to this proposed rule?

Yes, documents that form the basis for the EPA’s evaluation and scoring of the sites in this proposed rule are contained in public dockets located both at the EPA Headquarters in Washington, DC, and in the regional offices. An electronic version of the public docket is available through <https://www.regulations.gov/> (see table above for docket identification numbers). Although not all docket materials may be available electronically, you may still access any of the publicly available docket materials through the docket facilities.

B. What documents are available for public review at the EPA Headquarters docket?

The Headquarters docket for this proposed rule contains the following

information for the sites proposed in this rule: Hazard Ranking System (HRS) score sheets; documentation records describing the information used to compute the score; information for any sites affected by particular statutory requirements or the EPA listing policies; and a list of documents referenced in the documentation record. These documents are also available online at <https://www.regulations.gov>.

C. What documents are available for public review at the EPA regional dockets?

The regional dockets for this proposed rule contain all of the information in the Headquarters docket plus the actual reference documents containing the data principally relied upon and cited by the EPA in calculating or evaluating the HRS score for the sites. These reference documents are available only in the regional dockets.

D. How do I access the documents?

You may view the primary documents that support this proposed rule online at <https://www.regulations.gov/> or by contacting the EPA HQ docket. You may view the primary documents plus the references by contacting the regional dockets. The hours of operation for the headquarters docket are from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding Federal holidays. Please contact the individual regional dockets for hours. The contact information for the regional dockets is as follows:

- Holly Inglis, Region 1 (CT, ME, MA, NH, RI, VT), U.S. EPA, Superfund Records and Information Center, 5 Post Office Square, Suite 100, Boston, MA 02109–3912; (617) 918–1413.
- James Desir, Region 2 (NJ, NY, PR, VI), U.S. EPA, 290 Broadway, New York, NY 10007–1866; (212) 637–4342.
- Lorie Baker, Region 3 (DE, DC, MD, PA, VA, WV), U.S. EPA, 4 Penn Center, 1600 John F. Kennedy Boulevard, Mail code 3SD12, Philadelphia, PA 19103; (315) 814–3355.
- Sandra Bramble, Region 4 (AL, FL, GA, KY, MS, NC, SC, TN), U.S. EPA, 61 Forsyth Street SW, Mail code 9T25, Atlanta, GA 30303; (404) 562–8926.
- Todd Quesada, Region 5 (IL, IN, MI, MN, OH, WI), U.S. EPA Superfund Division Librarian/SFD Records Manager SRC–7J, Metcalfe Federal Building, 77 West Jackson Boulevard, Chicago, IL 60604; (312) 886–4465.
- Michelle Delgado-Brown, Region 6 (AR, LA, NM, OK, TX), U.S. EPA, 1201 Elm Street, Suite 500, Mail code SED, Dallas, TX 75270; (214) 665–3154.
- Kumud Pyakuryal, Region 7 (IA, KS, MO, NE), U.S. EPA, 11201 Renner

Blvd., Mail code SUPRSTAR, Lenexa, KS 66219; (913) 551-7956.

- David Fronczak, Region 8 (CO, MT, ND, SD, UT, WY), U.S. EPA, 1595 Wynkoop Street, Mail code 8SEM-EM-P, Denver, CO 80202-1129; (303) 312-6096.

- Leslie Ramirez, Region 9 (AZ, CA, HI, NV, AS, GU, MP), U.S. EPA, 75 Hawthorne Street, Mail code SFD-6-1, San Francisco, CA 94105; (415) 972-3978.

- Brandon Perkins, Region 10 (AK, ID, OR, WA), U.S. EPA, 1200 Sixth Avenue, Mail code 13-J07, Seattle, WA 98101; (206) 553-6396.

You may also request copies from the EPA Headquarters or the regional dockets. An informal request, rather than a formal written request under the Freedom of Information Act, should be the ordinary procedure for obtaining copies of any of these documents. Please note that due to the difficulty of reproducing them, oversized maps may be viewed only in-person. The EPA dockets are not equipped to copy and mail out such maps, nor are they equipped to scan them for electronic distribution.

You may use the docket at <https://www.regulations.gov> to access documents in the Headquarters docket. Please note that there are differences between the Headquarters docket and the regional dockets, and those differences are outlined in this preamble above.

E. How do I submit my comments?

Follow the online instructions detailed above in the **ADDRESSES** section for submitting comments. Once submitted, comments cannot be edited or removed from the docket. The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>.

F. What happens to my comments?

The EPA considers all comments received during the comment period. Significant comments are typically addressed in a support document that the EPA will publish concurrently with the **Federal Register** document if, and when, the site is listed on the NPL.

G. What should I consider when preparing my comments?

Comments that include complex or voluminous reports, or materials prepared for purposes other than HRS scoring, should point out the specific information that the EPA should consider and how it affects individual HRS factor values or other listing criteria (*Northside Sanitary Landfill v. Thomas*, 849 F.2d 1516 (D.C. Cir. 1988)). The EPA will not address voluminous comments that are not referenced to the HRS or other listing criteria. The EPA will not address comments unless they indicate which component of the HRS documentation record or what particular point in the EPA's stated eligibility criteria is at issue.

H. May I submit comments after the public comment period is over?

Generally, the EPA will not respond to late comments. The EPA can guarantee only that it will consider those comments postmarked by the close of the formal comment period. The EPA has a policy of generally not delaying a final listing decision solely to accommodate consideration of late comments.

I. May I view public comments submitted by others?

During the comment period, comments are placed in the Headquarters docket and are available to the public on an "as received" basis. A complete set of comments will be available for viewing in the regional dockets approximately one week after the formal comment period closes.

All public comments, whether submitted electronically or in paper form, will be made available for public viewing in the electronic public docket at <https://www.regulations.gov> as the EPA receives them and without change, unless the comment contains copyrighted material, CBI or other information whose disclosure is restricted by statute. Once in the public dockets system, select "search," then key in the appropriate docket ID number.

J. May I submit comments regarding sites not currently proposed to the NPL?

In certain instances, interested parties have written to the EPA concerning sites that were not at that time proposed to the NPL. If those sites are later proposed to the NPL, parties should review their earlier concerns and, if still appropriate, resubmit those concerns for consideration during the formal comment period. Site-specific correspondence received prior to the period of formal proposal and comment will not generally be included in the docket.

II. Background

A. What are CERCLA and SARA?

In 1980, Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601-9675 ("CERCLA" or "the Act"), in response to the dangers of uncontrolled releases or threatened releases of hazardous substances, and releases or substantial threats of releases into the environment of any pollutant or contaminant that may present an imminent or substantial danger to the public health or welfare. CERCLA was amended on October 17, 1986, by the Superfund Amendments and Reauthorization Act ("SARA"), Public Law 99-499, 100 Stat. 1613 *et seq.*

B. What is the NCP?

To implement CERCLA, the EPA promulgated the revised National Oil and Hazardous Substances Pollution Contingency Plan ("NCP"), 40 CFR part 300, on July 16, 1982 (47 FR 31180), pursuant to CERCLA section 105 and Executive Order 12316 (46 FR 42237, August 20, 1981). The NCP sets guidelines and procedures for responding to releases and threatened releases of hazardous substances or releases or substantial threats of releases into the environment of any pollutant or contaminant that may present an imminent or substantial danger to the public health or welfare. The EPA has revised the NCP on several occasions. The most recent comprehensive revision was on March 8, 1990 (55 FR 8666).

As required under section 105(a)(8)(A) of CERCLA, the NCP also includes "criteria for determining priorities among releases or threatened releases throughout the United States for the purpose of taking remedial action and, to the extent practicable taking into account the potential urgency of such action, for the purpose of taking removal action." "Removal" actions are defined broadly and include a wide range of actions taken to study, clean up, prevent or otherwise address

releases and threatened releases of hazardous substances, pollutants or contaminants (42 U.S.C. 9601(23)).

C. What is the National Priorities List (NPL)?

The NPL is a list of national priorities among the known or threatened releases of hazardous substances, pollutants or contaminants throughout the United States. The list, which is appendix B of the NCP (40 CFR part 300), was required under section 105(a)(8)(B) of CERCLA, as amended. Section 105(a)(8)(B) defines the NPL as a list of “releases” and the highest priority “facilities” and requires that the NPL be revised at least annually. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation to assess the nature and extent of public health and environmental risks associated with a release of hazardous substances, pollutants or contaminants. The NPL is only of limited significance, however, as it does not assign liability to any party or to the owner of any specific property. Also, placing a site on the NPL does not mean that any remedial or removal action necessarily need be taken.

For purposes of listing, the NPL includes two sections, one of sites that are generally evaluated and cleaned up by the EPA (the “General Superfund section”), and one of sites that are owned or operated by other Federal agencies (the “Federal Facilities section”). With respect to sites in the Federal Facilities section, these sites are generally being addressed by other Federal agencies. Under Executive Order 12580 (52 FR 2923, January 29, 1987) and CERCLA section 120, each Federal agency is responsible for carrying out most response actions at facilities under its own jurisdiction, custody or control, although the EPA is responsible for preparing a Hazard Ranking System (“HRS”) score and determining whether the facility is placed on the NPL.

D. How are sites listed on the NPL?

There are three mechanisms for placing sites on the NPL for possible remedial action (see 40 CFR 300.425(c) of the NCP): (1) A site may be included on the NPL if it scores sufficiently high on the HRS, which the EPA promulgated as appendix A of the NCP (40 CFR part 300). The HRS serves as a screening tool to evaluate the relative potential of uncontrolled hazardous substances, pollutants or contaminants to pose a threat to human health or the environment. On December 14, 1990 (55 FR 51532), the EPA promulgated revisions to the HRS partly in response

to CERCLA section 105(c), added by SARA. On January 9, 2017 (82 FR 2760), a subsurface intrusion component was added to the HRS to enable the EPA to consider human exposure to hazardous substances or pollutants and contaminants that enter regularly occupied structures through subsurface intrusion when evaluating sites for the NPL. The current HRS evaluates four pathways: ground water, surface water, soil exposure and subsurface intrusion, and air. As a matter of agency policy, those sites that score 28.50 or greater on the HRS are eligible for the NPL. (2) Pursuant to 42 U.S.C. 9605(a)(8)(B), each State may designate a single site as its top priority to be listed on the NPL, without any HRS score. This provision of CERCLA requires that, to the extent practicable, the NPL include one facility designated by each State as the greatest danger to public health, welfare or the environment among known facilities in the State. This mechanism for listing is set out in the NCP at 40 CFR 300.425(c)(2). (3) The third mechanism for listing, included in the NCP at 40 CFR 300.425(c)(3), allows certain sites to be listed without any HRS score, if all of the following conditions are met:

- The Agency for Toxic Substances and Disease Registry (ATSDR) of the U.S. Public Health Service has issued a health advisory that recommends dissociation of individuals from the release.
- The EPA determines that the release poses a significant threat to public health.
- The EPA anticipates that it will be more cost-effective to use its remedial authority than to use its removal authority to respond to the release.

The EPA promulgated an original NPL of 406 sites on September 8, 1983 (48 FR 40658) and generally has updated it at least annually.

E. What happens to sites on the NPL?

A site may undergo remedial action financed by the Trust Fund established under CERCLA (commonly referred to as the “Superfund”) only after it is placed on the NPL, as provided in the NCP at 40 CFR 300.425(b)(1). (“Remedial actions” are those “consistent with permanent remedy, taken instead of or in addition to removal actions.” * * * 42 U.S.C. 9601(24).) However, under 40 CFR 300.425(b)(2) placing a site on the NPL “does not imply that monies will be expended.” The EPA may pursue other appropriate authorities to respond to the releases, including enforcement action under CERCLA and other laws.

F. Does the NPL define the boundaries of sites?

The NPL does not describe releases in precise geographical terms; it would be neither feasible nor consistent with the limited purpose of the NPL (to identify releases that are priorities for further evaluation), for it to do so. Indeed, the precise nature and extent of the site are typically not known at the time of listing.

Although a CERCLA “facility” is broadly defined to include any area where a hazardous substance has “come to be located” (CERCLA section 101(9)), the listing process itself is not intended to define or reflect the boundaries of such facilities or releases. Of course, HRS data (if the HRS is used to list a site) upon which the NPL placement was based will, to some extent, describe the release(s) at issue. That is, the NPL site would include all releases evaluated as part of that HRS analysis.

When a site is listed, the approach generally used to describe the relevant release(s) is to delineate a geographical area (usually the area within an installation or plant boundaries) and identify the site by reference to that area. However, the NPL site is not necessarily coextensive with the boundaries of the installation or plant, and the boundaries of the installation or plant are not necessarily the “boundaries” of the site. Rather, the site consists of all contaminated areas within the area used to identify the site, as well as any other location where that contamination has come to be located, or from where that contamination came.

In other words, while geographic terms are often used to designate the site (e.g., the “Jones Co. Plant site”) in terms of the property owned by a particular party, the site, properly understood, is not limited to that property (e.g., it may extend beyond the property due to contaminant migration), and conversely may not occupy the full extent of the property (e.g., where there are uncontaminated parts of the identified property, they may not be, strictly speaking, part of the “site”). The “site” is thus neither equal to, nor confined by, the boundaries of any specific property that may give the site its name, and the name itself should not be read to imply that this site is coextensive with the entire area within the property boundary of the installation or plant. In addition, the site name is merely used to help identify the geographic location of the contamination; and is not meant to constitute any determination of liability at a site. For example, the name “Jones Co. Plant site,” does not imply that the Jones Company is responsible

for the contamination located on the plant site.

The EPA regulations provide that the remedial investigation ("RI") "is a process undertaken . . . to determine the nature and extent of the problem presented by the release" as more information is developed on site contamination, and which is generally performed in an interactive fashion with the feasibility Study ("FS") (40 CFR 300.5). During the RI/FS process, the release may be found to be larger or smaller than was originally thought, as more is learned about the source(s) and the migration of the contamination. However, the HRS inquiry focuses on an evaluation of the threat posed and therefore the boundaries of the release need not be exactly defined. Moreover, it generally is impossible to discover the full extent of where the contamination "has come to be located" before all necessary studies and remedial work are completed at a site. Indeed, the known boundaries of the contamination can be expected to change over time. Thus, in most cases, it may be impossible to describe the boundaries of a release with absolute certainty.

Further, as noted previously, NPL listing does not assign liability to any party or to the owner of any specific property. Thus, if a party does not believe it is liable for releases on discrete parcels of property, it can submit supporting information to the agency at any time after it receives notice it is a potentially responsible party.

For these reasons, the NPL need not be amended as further research reveals more information about the location of the contamination or release.

G. How are sites removed from the NPL?

The EPA may delete sites from the NPL where no further response is appropriate under Superfund, as explained in the NCP at 40 CFR 300.425(e). This section also provides that the EPA shall consult with States on proposed deletions and shall consider whether any of the following criteria have been met:

- (i) Responsible parties or other persons have implemented all appropriate response actions required;
- (ii) All appropriate Superfund-financed response has been implemented and no further response action is required; or
- (iii) The remedial investigation has shown the release poses no significant threat to public health or the environment and taking of remedial measures is not appropriate.

H. May the EPA delete portions of sites from the NPL as they are cleaned up?

In November 1995, the EPA initiated a policy to delete portions of NPL sites where cleanup is complete (60 FR 55465, November 1, 1995). Total site cleanup may take many years, while portions of the site may have been cleaned up and made available for productive use.

I. What is the Construction Completion List (CCL)?

The EPA also has developed an NPL construction completion list ("CCL") to simplify its system of categorizing sites and to better communicate the successful completion of cleanup activities (58 FR 12142, March 2, 1993). Inclusion of a site on the CCL has no legal significance.

Sites qualify for the CCL when: (1) Any necessary physical construction is complete, whether or not final cleanup levels or other requirements have been achieved; (2) the EPA has determined that the response action should be limited to measures that do not involve construction (*e.g.*, institutional controls); or (3) the site qualifies for deletion from the NPL. For more information on the CCL, see the EPA's internet site at <https://www.epa.gov/superfund/construction-completions-national-priorities-list-npl-sites-number>.

J. What is the Sitewide Ready for Anticipated Use measure?

The Sitewide Ready for Anticipated Use measure (formerly called Sitewide Ready-for-Reuse) represents important Superfund accomplishments, and the measure reflects the high priority the EPA places on considering anticipated future land use as part of the remedy selection process. See Guidance for Implementing the Sitewide Ready-for-Reuse Measure, May 24, 2006, Office of Solid Waste and Emergency Response (OSWER) 9365.0–36. This measure applies to final and deleted sites where construction is complete, all cleanup goals have been achieved, and all institutional or other controls are in place. The EPA has been successful on many occasions in carrying out remedial actions that ensure protectiveness of human health and the environment for current and future land uses, in a manner that allows contaminated properties to be restored to environmental and economic vitality. For further information, please go to <https://www.epa.gov/superfund/about-superfund-cleanup-process#reuse>.

K. What is State/Tribal correspondence concerning NPL listing?

In order to maintain close coordination with States and Tribes in the NPL listing decision process, the EPA's policy is to determine the position of the States and Tribes regarding sites that the EPA is considering for listing. This consultation process is outlined in two memoranda that can be found at the following website: <https://www.epa.gov/superfund/statetribal-correspondence-concerning-npl-site-listing>.

The EPA has improved the transparency of the process by which State and Tribal input is solicited. The EPA is using the Web and where appropriate more structured State and Tribal correspondence that: (1) Explains the concerns at the site and the EPA's rationale for proceeding; (2) requests an explanation of how the State intends to address the site if placement on the NPL is not favored; and (3) emphasizes the transparent nature of the process by informing States that information on their responses will be publicly available.

A model letter and correspondence between the EPA and States and Tribes where applicable, is available on the EPA's website at <https://www.epa.gov/superfund/statetribal-correspondence-concerning-npl-site-listing>.

III. Contents of This Proposed Rule

A. Proposed Additions to the NPL

In this proposed rule, the EPA is proposing to add four sites to the NPL, all to the General Superfund section. All of the sites in this rulemaking are being proposed for NPL addition based on an HRS score of 28.50 or above.

The sites are presented in the table below.

GENERAL SUPERFUND SECTION

State	Site name	City/county
CA	Exide Technologies—Vernon.	Vernon.
NJ	Historic Potteries.	Trenton.
NM	Carlisle Village Cleaners.	Albuquerque.
OR	J.H. Baxter	Eugene.

IV. Statutory and Executive Order Reviews

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

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

This action is not a significant regulatory action and was therefore not submitted to the Office of Management and Budget (OMB) for review.

B. Paperwork Reduction Act (PRA)

This action does not impose an information collection burden under the PRA. This rule does not contain any information collection requirements that require approval of the OMB.

C. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA. This action will not impose any requirements on small entities. This rule listing sites on the NPL does not impose any obligations on any group, including small entities. This rule also does not establish standards or requirements that any small entity must meet and imposes no direct costs on any small entity. Whether an entity, small or otherwise, is liable for response costs for a release of hazardous substances depends on whether that entity is liable under CERCLA 107(a). Any such liability exists regardless of whether the site is listed on the NPL through this rulemaking.

D. Unfunded Mandates Reform Act (UMRA)

This action does not contain any unfunded mandate as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. This action imposes no enforceable duty on any State, local, or Tribal governments or the private sector. Listing a site on the NPL does not itself impose any costs. Listing does not mean that the EPA necessarily will undertake remedial action. Nor does listing require any action by a private party, state, local, or Tribal governments or determine liability for response costs. Costs that arise out of site responses result from future site-specific decisions regarding what actions to take, not directly from the act of placing a site on the NPL.

E. Executive Order 13132: Federalism

This rule does not have federalism implications. It will not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government.

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

This action does not have Tribal implications as specified in Executive Order 13175. Listing a site on the NPL does not impose any costs on a tribe or require a tribe to take remedial action. Thus, Executive Order 13175 does not apply to this action.

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

The EPA interprets Executive Order 13045 as applying only to those regulatory actions that concern environmental health or safety risks that the EPA has reason to believe may disproportionately affect children, per the definition of “covered regulatory action” in section 2–202 of the Executive order. This action is not subject to Executive Order 13045 because this action itself is procedural in nature (adds sites to a list) and does not, in and of itself, provide protection from environmental health and safety risks. Separate future regulatory actions are required for mitigation of environmental health and safety risks.

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

This action is not subject to Executive Order 13211, because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act (NTTAA)

This rulemaking does not involve technical standards.

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

The EPA believes the human health or environmental risk addressed by this

action will not have potential disproportionately high and adverse human health or environmental effects on minority, low-income or indigenous populations because it does not affect the level of protection provided to human health or the environment. As discussed in section I.C. of the preamble to this action, the NPL is a list of national priorities. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation to assess the nature and extent of public health and environmental risks associated with a release of hazardous substances, pollutants or contaminants. The NPL is of only limited significance as it does not assign liability to any party. Also, placing a site on the NPL does not mean that any remedial or removal action necessarily need be taken.

List of Subjects in 40 CFR Part 300

Environmental protection, Air pollution control, Chemicals, Hazardous substances, Hazardous waste, Intergovernmental relations, Natural resources, Oil pollution, Penalties, Reporting and recordkeeping requirements, Superfund, Water pollution control, Water supply.

Barry N. Breen,

*Principal Deputy Assistant Administrator,
Office of Land and Emergency Management.*

For the reasons set forth in the preamble, EPA proposes to amend 40 CFR part 300 as follows:

PART 300—NATIONAL OIL AND HAZARDOUS SUBSTANCES POLLUTION CONTINGENCY PLAN

■ 1. The authority citation for part 300 continues to read as follows:

Authority: 33 U.S.C. 1251 *et seq.*; 42 U.S.C. 9601–9657; E.O. 13626, 77 FR 56749, 3 CFR, 2013 Comp., p. 306; E.O. 12777, 56 FR 54757, 3 CFR, 1991 Comp., p. 351; E.O. 12580, 52 FR 2923, 3 CFR, 1987 Comp., p. 193.

■ 2. Amend table 1 of appendix B to part 300 by adding entries for “CA, Exide Technologies—Vernon”, “NJ, Historic Potteries”, “NM, Carlisle Village Cleaners”, and “OR, J.H. Baxter” in alphabetical order by State and site name to read as follows:

Appendix B to Part 300—National Priorities List

TABLE 1—GENERAL SUPERFUND SECTION

State	Site name	City/county	Notes (a)
CA	Exide Technologies—Vernon	Vernon.	

TABLE 1—GENERAL SUPERFUND SECTION—Continued

State	Site name	City/county	Notes ^(a)
NJ	Historic Potteries	Trenton.	*
NM	Carlisle Village Cleaners	Albuquerque.	*
OR	J.H. Baxter	Eugene.	*

^a A = Based on issuance of health advisory by Agency for Toxic Substances and Disease Registry (if scored, HRS score need not be greater than or equal to 28.50).

* * * * *

[FR Doc. 2024–19750 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 705

[EPA–HQ–OPPT–2020–0549; FRL 7902.1–01–OCSPP]

RIN 2070–AK67

Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Data Reporting and Recordkeeping Under the Toxic Substances Control Act (TSCA); Change to Submission Period and Technical Correction

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule; change to submission period and technical correction.

SUMMARY: The Environmental Protection Agency (EPA or Agency) is proposing to amend the Toxic Substances Control Act (TSCA) regulation with reporting and recordkeeping requirements for perfluoroalkyl and polyfluoroalkyl substances (PFAS) that was finalized on October 11, 2023. The final rule requires manufacturers (including importers) of PFAS in any year between 2011–2022 to report certain information to EPA beginning November 12, 2024. EPA is proposing a one-time modification of the data submission period and a technical correction to amend a typographical error in the regulatory text. EPA is not proposing any changes to the scope of reporting under TSCA. EPA has concluded that a change to the submission period is necessary and in the public interest as the reporting application being developed to collect this data will not be fully functional by November 2024. The proposed revision of the submission period would

facilitate compliance with the rule and help ensure that the collection includes accurate data on manufactured PFAS in the United States. EPA thus believes the proposed amendments are necessary and does not expect to receive any adverse comments. Therefore, in addition to this notice of proposed rulemaking, in the “Rules and Regulations” section of this issue of the **Federal Register**, EPA is promulgating the submission period modification and technical correction as a direct final rule. For more information on this proposal, please refer to the direct final rule.

DATES: Comments must be received on or before October 7, 2024.

ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA–HQ–OPPT–2020–0549, online at <https://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. Additional instructions on commenting and visiting the docket, along with more information about dockets generally, is available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information: Stephanie Griffin, Data Gathering, Management, and Policy Division (7406M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001; telephone number: 202–564–1463; email address: griffin.stephanie@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: In addition to this Notice of Proposed Rulemaking, EPA is issuing the action as a direct final rule published elsewhere in this issue of the **Federal Register** (*i.e.*, see FRL–7902.1–02–OCSPP). For further information about the proposed changes, please see the information provided in the direct final action, with the same title, that is located in the “Rules and Regulations” section of this issue of the **Federal Register**. For the reasons set out in the preamble to that direct final action, this proposed rule would amend title 40 part 705 of the Code of Federal Regulations as provided in that direct final action.

List of Subjects in 40 CFR Part 705

Chemicals, Environmental protection, Recordkeeping and reporting requirements.

Dated: August 29, 2024.

Michal Freedhoff,

Assistant Administrator Office of Chemical Safety and Pollution Prevention.

[FR Doc. 2024–19929 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

[Docket No. FWS–R5–ES–2023–0179; FXES1111090FEDR–245–FF09E21000]

RIN 1018–BH06

Endangered and Threatened Wildlife and Plants; Endangered Species Status for West Virginia Spring Salamander and Designation of Critical Habitat

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Proposed rule; reopening of comment period.

SUMMARY: We, the U.S. Fish and Wildlife Service (Service), are reopening the public comment period on our December 20, 2023, proposed rule to list the West Virginia spring salamander (*Gyrinophilus subterraneus*), an amphibian species from Greenbrier County, West Virginia, as an endangered species and to designate critical habitat under the Endangered Species Act of 1973, as amended (Act). We are taking this action to allow all interested parties an additional opportunity to comment on the proposed listing of the species and the proposed critical habitat. Comments previously submitted need not be resubmitted and will be fully considered in our final determinations.

DATES: The comment period on the proposed rule that published December 20, 2023, at 88 FR 88012, is reopened. We will accept comments received or postmarked on or before September 20, 2024.

ADDRESSES:

Availability of documents: You may obtain copies of the December 20, 2023, proposed rule and associated documents on the internet at <https://www.regulations.gov> under Docket No. FWS-R5-ES-2023-0179.

Written comments: You may submit comments by one of the following methods:

(1) *Electronically:* Go to the Federal eRulemaking Portal: <https://www.regulations.gov>. In the Search box, enter FWS-R5-ES-2023-0179, which is the docket number for the proposed rule. Then, click on the Search button. On the resulting page, in the panel on the left side of the screen, under the Document Type heading, check the Proposed Rule box to locate this document. You may submit a comment by clicking on “Comment.” Please note that comments submitted electronically using the Federal eRulemaking Portal must be received by 11:59 p.m. Eastern

Time on the closing date to ensure consideration.

(2) *By hard copy:* Submit by U.S. mail to: Public Comments Processing, Attn: FWS-R5-ES-2023-0179, U.S. Fish and Wildlife Service, MS: PRB/3W, 5275 Leesburg Pike, Falls Church, VA 22041-3803.

We request that you send comments only by the methods described above. We will post all comments on <https://www.regulations.gov>. This generally means that we will post any personal information you provide us (see Public Comments, below, for more information).

FOR FURTHER INFORMATION CONTACT:

Jennifer Norris, Field Supervisor, U.S. Fish and Wildlife Service, West Virginia Ecological Services Field Office, 6263 Appalachian Highway, Davis, WV 26260; telephone 304-866-3858. Individuals in the United States who are deaf, blind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States. Please see Docket No. FWS-R5-ES-2023-0179 on <https://www.regulations.gov> for a document that summarizes the December 20, 2023, proposed rule.

SUPPLEMENTARY INFORMATION:

Background

On December 20, 2023, we published a proposed rule (88 FR 88012) to list the West Virginia spring salamander as an endangered species and to designate critical habitat under the Act. The proposed rule opened a 60-day public comment period, ending February 20, 2024. We are reopening the comment period to allow the public an additional

opportunity to provide comments on the December 20, 2023, proposed rule.

For a description of previous Federal actions concerning listing of the West Virginia spring salamander and information on the types of comments that would be helpful to us in promulgating this rulemaking action, please refer to the December 20, 2023, proposed rule (88 FR 88012 at 88013).

Public Comments

If you submit information via <https://www.regulations.gov>, your entire submission—including your personal identifying information—will be posted on the website. If your submission is made via a hardcopy that includes personal identifying information, you may request at the top of your document that we withhold this information from public review. However, we cannot guarantee that we will be able to do so. We will post all hardcopy submissions on <https://www.regulations.gov>.

Comments and materials we receive, as well as supporting documentation we used in preparing the December 20, 2023, proposed rule, will be available for public inspection on <https://www.regulations.gov> at Docket No. FWS-R5-ES-2023-0179.

Authors

The primary authors of this document are the staff members of the Fish and Wildlife Service's Species Assessment Team and the West Virginia Ecological Services Field Office.

Authority

The authority for this action is the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 *et seq.*).

Martha Williams,

Director, U.S. Fish and Wildlife Service.

[FR Doc. 2024-19843 Filed 9-4-24; 8:45 am]

BILLING CODE 4333-15-P

Notices

Federal Register

Vol. 89, No. 172

Thursday, September 5, 2024

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

Directive Publication Notice

AGENCY: Forest Service, Agriculture (USDA).

ACTION: Notice.

SUMMARY: The Forest Service (Forest Service or Agency), U.S. Department of Agriculture, provides direction to employees through issuances in its Directive System, comprised of the Forest Service Manual and Forest Service Handbooks. The Agency must provide public notice of and opportunity to comment on any directives that formulate standards, criteria, or guidelines applicable to Forest Service programs. Once per quarter, the Agency provides advance notice of proposed and interim directives that will be made available for public comment during the next three months; proposed and interim directives that were previously published for public comment but not yet finalized and issued; and notice of final directives issued in the last three months.

DATES: This notice identifies proposed and interim directives that will be published for public comment between July 1, 2024, and September 30, 2024; proposed and interim directives that were previously published for public comment but not yet finalized and issued; and final directives that have been issued since January 1, 2024.

ADDRESSES: Questions or comments may be submitted by email to the contact listed below.

FOR FURTHER INFORMATION CONTACT: JoLynn Anderson, 971–313–1718 or joLYnn.anderson@usda.gov. Individuals who use telecommunications devices for the hearing impaired may call 711 to reach the Telecommunications Relay Service, 24 hours a day, every day of the year, including holidays. You may

register to receive email alerts regarding Forest Service directives at <https://www.fs.usda.gov/about-agency/regulations-policies>.

SUPPLEMENTARY INFORMATION:

Proposed and Interim Directives

Consistent with 16 U.S.C. 1612(a) and 36 CFR part 216, the Forest Service publishes for public comment Agency directives that formulate standards, criteria, and guidelines applicable to Forest Service programs. Agency procedures for providing public notice and opportunity to comment are specified in Forest Service Handbook (FSH) 1109.12, Chapter 30, Providing Public Notice and Opportunity to Comment on Directives.

There is one public comment directives scheduled for publication from July 1, 2024, to September 30, 2024.

1. FSM 2470 Silviculture comment period August 16, 2024 to October 14, 2024.

The following proposed directives have been published for public comment but have not yet been finalized:

1. FSM 3800, Landscape Scale Restoration Program.
2. FSH 2409.12, Timber Cruising Handbook, Chapters 30, Cruising Systems; 40, Cruise Planning, Data Recording, and Cruise Reporting; 60, Quality Control; and 70, Designating Timber for Cutting.
3. FSH 2409.15, Timber Sale Administration Handbook, Chapters 20, Measuring and Accounting for Included Timber; 40, Rates and Payments; and 60, Operations and Other Provisions.
4. FSM 2000, National Forest Resource Management, Chapter 40, National Forest System Monitoring.
5. FSM 2300, Recreation, Wilderness, and Related Resource Management, Chapter 50, section 55, Climbing Management.
6. FSM 2100, Mitigation of Adverse Impacts, Chapter 80.
7. FSH 2109.15 Mitigation Principles and Compensatory Mitigation, Chapter 10.

Final Directives That Have Been Issued Since April 1, 2024

1. Final FSH 5509.11, Title Claims, Sales, and Grants Handbook, Chapter 10, Title Claims and Encroachments.

Title Claims and Encroachments, last updated August 3, 1992, has been

updated in the final version. The contents of the 1992 handbook have been reorganized to be in parallel with the case processing activities in the Title Claims and Encroachment Management System Database. The revised handbook will provide a full understanding to land staffs regarding authorities used for title claim and encroachment cases. Nationwide understanding of steps for processing and resolving trespass and encroachment cases is needed to process these cases in a timely manner. Clear examples and exhibits of deeds, correspondence letters, and reports will help maintain consistency throughout the Forest Service.

The 30-day comment period for the proposed directive began June 16, 2023, and closed on July 15, 2023. The response to comments can be viewed at <https://cara.fs2c.usda.gov/Public/ReadingRoom?project=ORMS-3650>. Final chapter 10 was issued February 6, 2024, and can be viewed at https://www.fs.usda.gov/im/directives/fsh/5509.11/wo_5509.11_10-Amend%202024-1,%20Title%20Claims%20and%20Encroachments.docx.

2. FSM 2200, Rangeland Management, Chapters Zero Code; 2210, Rangeland Management Planning; 2220, Management of Rangelands (Reserved); 2230, Grazing Permit System; 2240, Rangeland Improvements; 2250, Rangeland Management Cooperation; and 2270, Information Management and Reports; FSH 2209.13, Grazing Permit Administration Handbook, Chapters 10, Term Grazing Permits; 20, Grazing Agreements; 40, Livestock Use Permits; 50, other Permits; and 90, Rangeland Management Decision-Making; and FSH 2209.16, Allotment Management Handbook, Chapter 10, Allotment Management and Administration, FSH 2209.13 chapter 90 Grazing Permit Administration Handbook.

Dated: August 27, 2024

JoLynn Anderson,

Branch Lead, Directives, Information Collections and Government Clearance, Policy Office, National Forest System.

[FR Doc. 2024–19923 Filed 9–4–24; 8:45 am]

BILLING CODE 3411–15–P

COMMISSION ON CIVIL RIGHTS**Notice of Public Meeting of the New Mexico Advisory Committee to the U.S. Commission on Civil Rights**

AGENCY: U.S. Commission on Civil Rights.

ACTION: Announcement of virtual business meetings.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the New Mexico Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a series of business meetings via ZoomGov on the following dates and times listed. The purpose is to plan for their project on civil rights in immigrant detention centers.

DATES: These business meetings will take place on:

- Thursday, October 10, 2024, from 12 p.m.–1 p.m. MT
- Thursday, October 24, 2024, from 12 p.m. to 1 p.m. MT

ADDRESSES: Zoom Webinar Link to Join (Audio/Visual):

Thursday, October 10th: https://www.zoomgov.com/webinar/register/WN_RJb30WsdRTuDnn_7prKEtA

Thursday, October 24th: https://www.zoomgov.com/webinar/register/WN_5rF6lFdZTn-o0hMIg-6BZA

FOR FURTHER INFORMATION CONTACT:

Brooke Peery, Designated Federal Officer, at bpeery@usccr.gov or (202) 701-1376.

SUPPLEMENTARY INFORMATION:

Committee meetings are available to the public through the registration link above. Any interested member of the public may listen to the meeting. An open comment period will be provided to allow members of the public to make a statement as time allows. Per the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning will be available for individuals who are deaf, hard of hearing, or who have certain cognitive or learning impairments. To request additional accommodations, please email Angelica Trevino, Support Specialist, at

atrevino@usccr.gov at least ten (10) days prior to the meeting.

Members of the public are entitled to make comments during the open period at the end of the meeting. Members of the public may also submit written comments; the comments must be received in the Regional Programs Unit within 30 days following the meeting. Written comments may be emailed to Brooke Peery (DFO) at bpeery@usccr.gov

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after the meeting. Records of the meetings will be available via www.facadatabase.gov under the Commission on Civil Rights, New Mexico Advisory Committee link. Persons interested in the work of this Committee are directed to the Commission's website, <http://www.usccr.gov>, or may contact the Regional Programs Coordination Unit at atrevino@usccr.gov.

Agenda

- Welcome & Roll Call
- Approval of Minutes
- Committee Discussion
- Public Comment
- Adjournment

Dated: August 30, 2024.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2024-19977 Filed 9-4-24; 8:45 am]

BILLING CODE P

COMMISSION ON CIVIL RIGHTS**Notice of Public Briefing of the North Carolina Advisory Committee to the U.S. Commission on Civil Rights**

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of public briefing.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the North Carolina Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a virtual, public briefing via Zoom at 12 p.m. ET on Friday, September 27, 2024. The purpose of this briefing is to hear testimony from a District Court Judge on the topic, *Civil Rights and the Child Welfare System in North Carolina*.

DATES: Friday, September 27, 2024, from 12 p.m.–1:30 p.m. eastern time.

ADDRESSES: The briefing will be held via Zoom Webinar.

Registration Link (Audio/Visual):
https://www.zoomgov.com/webinar/register/WN_N0i3tymMScGth7yO7SPaqq

Join by Phone (Audio Only): (833) 435-1820 USA Toll-Free; Meeting ID: 161 834 0832

FOR FURTHER INFORMATION CONTACT: Ana Victoria Fortes, Designated Federal Officer, at afortes@usccr.gov or (202) 681-0857.

SUPPLEMENTARY INFORMATION: This committee meeting is available to the public through the registration link above. Any interested member of the public may listen to the meeting. An open comment period will be provided to allow members of the public to make a statement as time allows. Per the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning will be available for individuals who are deaf, hard of hearing, or who have certain cognitive or learning impairments. To request additional accommodations, please email Liliana Schiller, Support Services Specialist, at lschiller@usccr.gov at least 10 business days prior to the meeting.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following the meeting. Written comments may be emailed to Ana Victoria Fortes at afortes@usccr.gov. Persons who desire additional information may contact the Regional Programs Coordination Unit at (202) 681-0857.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit, as they become available, both before and after the meeting. Records of the meeting will be available via the file sharing website, www.box.com. Persons interested in the work of this Committee are directed to the Commission's website, <http://www.usccr.gov>, or may contact the Regional Programs Coordination Unit at the above phone number.

Agenda

- Welcome & Roll Call
- Panelist Presentations
- Committee Q&A
- Public Comment

V. Business Meeting
VI. Adjournment

Dated: August 30, 2024.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2024–19976 Filed 9–4–24; 8:45 am]

BILLING CODE 6335–01–P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the California Advisory Committee

AGENCY: Commission on Civil Rights.

ACTION: Announcement of virtual business meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act (FACA) that the California Advisory Committee (Committee) to the U.S. Commission on Civil Rights will convene by ZoomGov on Friday, October 18, 2024, from 1:00 p.m. to 2:00 p.m., for the purpose of discussing their project on the civil rights implications of AB5.

DATES: Friday, October 18, 2024, from 1:00 p.m.–2:00 p.m. PT.

Zoom Webinar Link to Join: https://www.zoomgov.com/webinar/register/WN_Au1EdOdcTMGt1h509xfDyG.

FOR FURTHER INFORMATION CONTACT:

Brooke Peery, Designated Federal Officer (DFO) at bpeery@usccr.gov or by phone at (202) 701–1376.

SUPPLEMENTARY INFORMATION:

Committee meetings are available to the public through the registration link above. Any interested member of the public may listen to the meeting. An open comment period will be provided to allow members of the public to make a statement as time allows. Per the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning will be available for individuals who are deaf, hard of hearing, or who have certain cognitive or learning impairments. To request additional accommodations, please email Angelica Trevino, Support Services Specialist at atrevino@usccr.gov at least 10 business days prior to the meeting.

Members of the public are entitled to make comments during the open period at the end of the meeting. Members of the public may also submit written comments; the comments must be received in the Regional Programs Unit within 30 days following the meeting. Written comments may be emailed to Brooke Peery (DFO) at bpeery@usccr.gov.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after the meeting. Records of the meetings will be available via www.facadatabase.gov under the Commission on Civil Rights, California Advisory Committee link. Persons interested in the work of this Committee are directed to the Commission's website, <http://www.usccr.gov>, or may contact the Regional Programs Coordination Unit at atrevino@usccr.gov.

Agenda

- I. Welcome & Roll Call
- II. Committee Discussion
- III. Public Comment
- IV. Adjournment

Dated: August 30, 2024.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2024–19941 Filed 9–4–24; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–469–817, C–469–818]

Ripe Olives From Spain: Continuation of Antidumping and Countervailing Duty Orders; Correction

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

ACTION: Notice; Correction.

SUMMARY: The U.S. Department of Commerce (Commerce) published a notice in the **Federal Register** of August 9, 2024 in which Commerce issued the continuation of the antidumping duty (AD) order and countervailing duty (CVD) orders on ripe olives from Spain. This notice did not correctly state the applicable date.

FOR FURTHER INFORMATION CONTACT:

Mary Kolberg, AD/CVD Operations, Office I Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–1785.

SUPPLEMENTARY INFORMATION:

Background

On August 9, 2024, Commerce published in the **Federal Register** a notice of continuation of the AD and CVD orders on ripe olives from Spain.¹ In that notice, Commerce did not correctly state the applicable date. Specifically, the applicable date of the notice was based on the U.S. International Trade Commission's (ITC) determination notice which has since been withdrawn and republished.²

Correction

In the **Federal Register** of August 9, 2024, in FR Doc. 2024–17659, on page 65324, in the second column, correct the **DATES** section from “Dates: Applicable July 31, 2024” to instead state “Dates: Applicable August 9, 2024.” In addition, on page 65324, in the third column, under the “Background” section, correct the sentence from “On July 31, 2024, the ITC published its determination, pursuant to sections 751(c) and 752(a) of the Act, that revocation of the *Orders* would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time”³ to instead state “On August 9, 2024, the ITC published its determination, pursuant to sections 751(c) and 752(a) of the Act, that revocation of the *Orders* would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.”⁴ Finally, on page 65324, in the third column, under the “Continuation of the *Orders*” section, correct the sentence from “The effective date of the continuation of the *Orders* is July 31, 2024” to instead state “The effective date of the continuation of the *Orders* is August 9, 2024.”

Notification to Interested Parties

This notice is issued in accordance with sections 751(c) and 751(d)(2) of the Tariff Act of 1930, as amended, (the Act) and published in accordance with section 777(i) of the Act and 19 CFR 351.218(f)(4).

¹ See *Ripe Olives from Spain: Continuation of Antidumping and Countervailing Duty Orders*, 89 FR 65324 (August 9, 2024).

² See *Ripe Olives from Spain; Withdrawal of Determinations*, 89 FR 65397 (August 9, 2024); see also *Ripe Olives from Spain*, 89 FR 65397 (August 9, 2024).

³ See *Ripe Olives from Spain*, 89 FR 61497 (July 31, 2024).

⁴ See *Ripe Olives from Spain*, 89 FR 65397 (August 9, 2024).

Dated: August 28, 2024.

Ryan Majerus,

Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

[FR Doc. 2024–19943 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–164]

Certain Paper Plates From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination, and Extension of Provisional Measures

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that certain paper plates (paper plates) from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is July 1, 2023, through December 31, 2023. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable September 5, 2024.

FOR FURTHER INFORMATION CONTACT:

Tylar Lewis, Toni Page, or Lingjun Wang, 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) 482–6009, (202) 482–1398, or (202) 482–2316, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended

(the Act). Commerce published the notice of initiation of this investigation on February 26, 2024.¹ On June 12, 2024, Commerce postponed the preliminary determination of this investigation until August 22, 2024.² On July 22, 2024, Commerce tolled certain deadlines in this administrative proceeding by seven days.³ The deadline for the preliminary determination is now August 29, 2024.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are paper plates from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export prices in accordance

with section 772(a) of the Act. Because China is a non-market economy, within the meaning of section 771(18) of the Act, Commerce has calculated normal value in accordance with section 773(c) of the Act. Furthermore, pursuant to sections 776(a) and (b) of the Act, Commerce preliminarily relied upon facts otherwise available, with adverse inferences, for the China-wide entity, which includes: (1) Anhui Yiqin Co., Ltd.; (2) Ningbo Artcool Co., Ltd.; (3) Ningbo Fenghua Yongfa Printing Stationery Co., Ltd.; (4) Shaoneng Group Guangdong Luzhou ECO Technology Co., Ltd.; (5) Yuyao Hongxiang Printing Co., Ltd.; (6) Zhejiang Kingsun Eco-Pack Co., Ltd.; (7) Zhejiang Xieli Science & Technology Co., Ltd.; (8) Guangdong Shaoneng Group Luzhou Technology Development Co., Ltd.; and (9) Paper World Limited. For a full description of the methodology underlying Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances, in Part

In accordance with section 733(e) of the Act and 19 CFR 351.206, Commerce preliminarily determines that critical circumstances exist with respect to imports of paper plates from China for Jinhua P&P Products Co., Ltd (Jinhua), the non-selected companies eligible for a separate rate, and the China-wide entity, but that critical circumstances do not exist for Fuzhou Hengli Paper Co., Ltd. (Fuzhou Hengli) and its unaffiliated producers. For a full description of the methodology and results of Commerce's critical circumstances analysis, *see* the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,⁷ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.⁸

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

¹ *See Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 89 FR 14046 (February 26, 2024) (*Initiation Notice*).

² *See Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 89 FR 49833 (June 12, 2024).

³ *See* Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Proceedings," dated July 22, 2024.

⁴ *See* Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination in the Less-Than-Fair-Value Investigation of Certain Paper Plates from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁵ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ *See Initiation Notice*, 89 FR at 14047.

⁷ *See Initiation Notice*, 89 FR at 14051.

⁸ *See* Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's website at <https://enforcement.trade.gov/policy/bull05-1.pdf>.

Producer	Exporter	Estimated weighted-average dumping margin (percent)	Cash deposit rate (adjusted for subsidy offsets) (percent)
Guangdong Ecosource Environmental Technology Co., Ltd.	Fuzhou Hengli Paper Co., Ltd	0.00	Not Applicable
Ningbo Hongtai Package New Material Technology Co., Ltd.	Fuzhou Hengli Paper Co., Ltd	0.00	Not Applicable
Jinhua P&P Products Co., Ltd	Jinhua P&P Products Co., Ltd	650.48	650.48
Festa Party Products Mfy. (Zhongshan) Co., Ltd	Festa (Guangzhou) Co., Ltd	650.48	650.48
Top Printing Paper Products (Zhongshan) Co., Ltd.	Festa (Guangzhou) Co., Ltd	650.48	650.48
Festa Party Products Mfy. (Zhongshan) Co., Ltd	Festa Limited	650.48	650.48
Top Printing Paper Products (Zhongshan) Co., Ltd.	Festa Limited	650.48	650.48
Jieyang Weikangda Paper Co., Ltd	Fujian Putian Zhonghao Trade Co., Ltd	650.48	650.48
Dongyang Founder Paper Product Co., Ltd	Fujian Putian Zhonghao Trade Co., Ltd	650.48	650.48
Fuzhou Nicrolandee Arts & Craft Co., Ltd	Fuzhou Nicrolandee Arts & Craft Co., Ltd	650.48	650.48
Zhejiang Lanwei Paper Products Co., Ltd	Hangzhou Enli Paper Products Co. Ltd	650.48	650.48
Landward Color Printing Co., Ltd	Landward Color Printing Co., Ltd	650.48	650.48
Ningbo Hongtai Package New Material Technology Co., Ltd.	Ningbo Feisuo Import & Export Co., Ltd	650.48	650.48
Ningbo Homelink Eco-Itech Co., Ltd	Ningbo Homelink Eco-Itech Co., Ltd	650.48	650.48
Ningbo Hongtai Package New Material Technology Co., Ltd.	Ningbo Hongtai Package New Material Technology Co., Ltd.	650.48	650.48
Ningbo Kosda New Material Technology Co., Ltd.	Ningbo Kosda New Material Technology Co., Ltd.	650.48	650.48
Ningbo Goldland Industry and Technology Co., Ltd.	Ningbo Qtop Import & Export Co., Ltd	650.48	650.48
Zhejiang Lingrong Crafts Co., Ltd	Ningbo Qtop Import & Export Co., Ltd	650.48	650.48
Qingdao Robana Paper Product Co., Ltd	Qingdao Gold Top Trade Co. Ltd	650.48	650.48
Qingdao Wonderful Industry and Trade Co. Ltd	Qingdao Wonderful Industry and Trade Co. Ltd	650.48	650.48
Shandong Boao Package Co., Ltd	Shandong Boao Package Co., Ltd	650.48	650.48
Festa Party Products Mfy. (Zhongshan) Co., Ltd	Xanadu Industrial Limited	650.48	650.48
Top Printing Paper Products (Zhongshan) Co., Ltd.	Xanadu Industrial Limited	650.48	650.48
Hangzhou Enli Paper Products Co., Ltd	Yeko Trading Limited	650.48	650.48
China-Wide Entity		*1039.05	1039.05

* Rate based on facts available with adverse inferences.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted average amount by which normal value exceeds U.S. price, as indicated in the chart above as follows: (1) for the producer/exporter combinations listed in the table above, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of China producers/exporters of merchandise under consideration that have not established eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for

the China-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the China producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

Because the estimated weighted-average dumping margin for certain producer/exporter combinations are zero, Commerce is directing CBP not to suspend liquidation of entries of subject merchandise from those producer/exporter combinations. Entries of subject merchandise from these exporters supplied by any other producer, or from these producers that supplied any other exporter, or from third-country exporters that sourced from the excluded producer/exporter combination, are not entitled to this exclusion from suspension of liquidation and are subject to the provisional measures at the cash deposit rate established for the China-wide entity.

Should the final estimated weighted-average dumping margin be zero or *de minimis* for the producer/exporter

combinations identified above, entries of merchandise from these producer/exporter combinations will be excluded from the order. Such exclusion(s) will not be applicable to merchandise exported to the United States by any other producer/exporter combinations or by third-country exporters that sourced from the excluded producer/exporter combinations.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of: (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered; or (b) the date on which notice of initiation of the investigation was published. Commerce preliminarily finds that critical circumstances exist for imports of subject merchandise from the following producer/exporter combinations: Jinhua P&P Products Co., Ltd., separate rate companies, and the China-wide entity. In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation

shall apply to all unliquidated entries of merchandise from the producer/exporter combinations identified in this paragraph that were entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before the publication of this notice.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding when CVD provisional measures are in effect. We preliminarily determine that Fuzhou Hengli is not entitled to an adjustment for domestic subsidies passed-through because it did not receive a countervailable subsidy (other than export subsidy) that affects manufacturing cost of the subject merchandise. We preliminarily determine that Jinhua is not entitled to an adjustment for domestic subsidies passed-through because it failed to demonstrate a subsidy-to-cost link and a cost-to-price link. In addition, in the preliminary determination of the companion CVD investigation of paper plates from China, Commerce determined that Fuzhou Hengli, but not Jinhua, benefited from certain subsidy programs contingent on exports.⁹ In this investigation, we made no adjustment to the estimated dumping margins for export subsidies of either company because Fuzhou Hengli's dumping margin is zero and Jinhua's export subsidy rate is zero in the companion CVD investigation.¹⁰

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting cash deposits at a rate equal to the estimated weighted-average dumping margins calculated in this preliminary determination unadjusted for the passed-through domestic subsidies or for export subsidies at the time the CVD provisional measures expire.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Consistent with 19 CFR 351.224(e), Commerce will analyze and, if appropriate, correct any timely allegations of significant ministerial errors by amending the preliminary determination. However, consistent with 19 CFR 351.224(d), Commerce will not consider incomplete allegations that do not address the significance standard under 19 CFR 351.224(g) following the preliminary determination. Instead, Commerce will address such allegations in the final determination together with issues raised in the case briefs or other written comments.

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last final verification report is issued in this investigation.¹¹ Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.¹² Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹³

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide an executive summary of their brief that should be limited to five pages total, including footnotes. In this investigation, we instead request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised

in their briefs.¹⁴ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this investigation. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁵

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioners. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final antidumping duty determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Fuzhou Hengli, Jinhua, and the American Paper Plate Coalition¹⁶ (the

⁹ See *Certain Paper Plates from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Determination of Critical Circumstances, in Part, and Alignment of Final Determination with Final Antidumping Duty Determination*, 89 FR 54432 (July 1, 2024).

¹⁰ *Id.*

¹¹ See 19 CFR 351.309(c)(1)(i); see also 19 CFR 351.303 (for general filing requirements).

¹² See 19 CFR 351.309(d); see also *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

¹³ See 19 CFR 351.309(c)(2) and (d)(2).

¹⁴ We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁵ See *APO and Service Final Rule*.

¹⁶ The members of the Coalition are: AJM Packaging Corporation; Aspen Product Inc.; Dart Container Corporation; Hoffmaster Group, Inc.;

petitioner) requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.¹⁷ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

U.S. International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the U.S. International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: August 29, 2024.

Ryan Majerus,

Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is certain paper plates. Paper plates subject to this investigation may be cut from rolls, sheets, or other pieces of paper and/or paper board. Paper plates subject to this investigation have a depth up to and including two (2.0) inches, as measured vertically from the base to the top of the lip,

or the edge if the plate has no lip. Paper plates subject to this investigation may be uncolored, white, colored, or printed. Printed paper plates subject to this investigation may have any type of surface finish, and may be printed by any means with images, text and/or colors on one or both surfaces. Colored paper plates subject to this investigation may be colored by any method, including but not limited to printing, beater-dyeing, and dip-dyeing. Paper plates subject to this investigation may be produced from paper of any type (including, but not limited to, bamboo, straws, bagasse, hemp, kenaf, jute, sisal, abaca, cotton inters and reeds, or from non-plant sources, such as synthetic resin (petroleum)-based resins), may have any caliper or basis weight, may have any shape or size, may have one or more than one section, may be embossed, may have foil or other substances adhered to their surface, and/or may be uncoated or coated with any type of coating.

The paper plates subject to this investigation remain covered by the scope of this investigation whether imported alone, or in any combination of subject and non-subject merchandise. When paper plates subject to this investigation are imported in combination with non-subject merchandise, only the paper plates subject to this investigation are subject merchandise.

The paper plates subject to this investigation include paper plates matching the above description that have been finished, packaged, or otherwise processed in a third country by performing finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates. Examples of finishing, packaging, or other processing in a third country that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates include, but are not limited to, printing, application of other surface treatments such as coatings, repackaging, embossing, and application of foil surface treatments.

Excluded from the scope of this investigation are paper plates molded or pressed directly from paper pulp (including but not limited to unfelted pulp), which are currently classifiable under subheading 4823.70.0020 of the Harmonized Tariff Schedule of the United States (HTSUS).

Also excluded from the scope of this investigation are articles that otherwise would be covered but which exhibit the following two physical characteristics: (a) depth (measured vertically from the base to the top of the lip, or edge if no lip) equal to or greater than 1.25 inches but less than two (2.0) inches, and (b) a base not exceeding five (5.0) inches in diameter if round, or not exceeding 20 square inches in area if any other shape.

Also excluded from the scope of this investigation are paper bowls, paper buckets, and paper food containers with closeable lids.

Paper plates subject to this investigation are currently classifiable under HTSUS subheading 4823.69.0040. Paper plates subject to this investigation also may be

classified under HTSUS subheading 4823.61.0040. If packaged with other articles, the paper plates subject to this investigation also may be classified under HTSUS subheadings 9505.90.4000 and 9505.90.6000. While the HTSUS subheading(s) are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Discussion of the Methodology
- V. Preliminary Affirmative Determination of Critical Circumstances, In Part
- VI. Adjustment Under Section 777(A)(F) of the Act
- VII. Adjustments to Cash Deposit Rates for Export Subsidies in the Companion Countervailing Duty Investigation
- VIII. Currency Conversion
- IX. Recommendation

[FR Doc. 2024–19975 Filed 9–4–24; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–549–849]

Certain Paper Plates From Thailand: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, and Postponement of Final Determination and Extension of Provisional Measures

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that certain paper plates from Thailand are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is January 1, 2023, through December 31, 2023. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Ted Pearson, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–2631.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended

Huhtamaki Americas, Inc.; and Unique Industries, Inc.

¹⁷ See Fuzhou Hengli's Letter, "Fuzhou Hengli's Request for Final Extension of Determination and Postponement of Provisional Measures," dated August 27, 2024; see also Petitioner's Letter, "Petitioner's Request to Postpone the Final Antidumping Duty Investigations," August 28, 2024; and Jinhua's Letter, "Request to Extend Final Determination," August 29, 2024.

(the Act). Commerce published the notice of initiation of this investigation in the **Federal Register** on February 26, 2024.¹ On June 12, 2024, Commerce postponed the preliminary determination of this investigation until August 22, 2024.² On July 22, 2024, Commerce tolled certain deadlines in this administrative proceeding by seven days.³ The deadline for the preliminary determination is now August 29, 2024.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are certain paper plates from Thailand. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation*

Notice. *See* the scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export prices in accordance with section 772(a) of the Act. Normal value is calculated in accordance with section 773 of the Act. In addition, pursuant to section 776(a) and (b) of the Act, Commerce preliminarily relied upon facts otherwise available, with adverse inferences for certain companies. For a full description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances, in Part

In accordance with section 733(e)(1) of the Act and 19 CFR 351.206(c), Commerce preliminarily determines that critical circumstances exist for the seven companies that were non-responsive to the quantity and value (Q&V) questionnaire (*i.e.*, ABC Digital Technology Co Ltd, Beeconscious Co, Dester Co, Ltd, Pimlapas Printing Co., Ltd, Sincerely Cargo, Thai Coconut Co Ltd, and Thai Union Manufacturing Co., Ltd.) to which we are applying adverse inferences. However, we determine that critical circumstances do not exist with respect to Thai Paper, the three companies responsive to the Q&V questionnaire (*i.e.*, Nirvana Foods & Commerce International Co., Ltd. (Nirvana), Pandora Production Co (Pandora), and SNC Cup Co., Ltd. (SNC Cup)), and all other producers/exporters. For a full description of the methodology and results of Commerce's analysis, *see* the Preliminary Decision Memorandum.

All-Others Rate

Sections 733(d)(1)(A)(ii) and 735(c)(5)(A) of the Act provide that, in the preliminary determination Commerce shall determine an estimated all-others rate for all exporters and producers not individually examined. This rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act.

In this investigation, Commerce calculated an estimated weighted-average dumping margin for the sole mandatory respondent, Thai Paper, that is not zero, *de minimis*, or based entirely on facts otherwise available.

Commerce calculated no other weighted-average dumping margins. Therefore, Commerce is using the individual estimated subsidy rate calculated for Thai Paper as the all-others rate.

We received timely Q&V responses from the following companies in addition to the mandatory respondent: Nirvana;⁷ Pandora;⁸ and SNC Cup.⁹ Nirvana, Pandora, and SNC Cup: (1) were not selected as mandatory respondents; (2) responded to our Q&V questionnaire in a timely manner; and (3) were not otherwise collapsed with a mandatory respondent. Accordingly, these companies are subject to the all-others rate.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

Exporter/producer	Weighted-average dumping margin (percent)
Thai Paper Co., Ltd.	4.23
Nirvana Foods & Commerce International Co., Ltd.	4.23
Pandora Production Co.	4.23
SNC Cup Co., Ltd.	4.23
ABC Digital Technology Co Ltd.	* 73.17
Beeconscious Co.	* 73.17
Dester Co, Ltd.	* 73.17
Pimlapas Printing Co., Ltd.	* 73.17
Sincerely Cargo.	* 73.17
Thai Coconut Co Ltd.	* 73.17
Thai Union Manufacturing Co., Ltd.	* 73.17
All Others.	4.23

* Rates based on facts available with adverse inferences.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the estimated weighted-average dumping margins or the estimated all-others rate, as follows: (1) the cash deposit rate for

⁷ See Nirvana's Letter, "Response to Questionnaire," dated March 18, 2024.

⁸ See Memorandum, "Quantity and Value Questionnaire of Pandora Production Co.," dated March 21, 2024.

⁹ See SNC Cup's Letter, "Quantity and Value Questionnaire," dated March 20, 2024.

¹ See *Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 89 FR 14046 (February 26, 2024) (*Initiation Notice*).

² See *Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in the Less-Than-Fair Value Investigations*, 89 FR 49833 (June 12, 2024).

³ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Proceedings," dated July 22, 2024.

⁴ See Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination in the Less-Than-Fair-Value Investigation of Certain Paper Plates from Republic of Thailand," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁵ See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ See *Initiation Notice*.

the respondents listed above will be equal to the company-specific estimated weighted-average dumping margins determined in this preliminary determination; (2) if the exporter is not a respondent identified above, but the producer is, then the cash deposit rate will be equal to the company-specific estimated weighted-average dumping margin established for that producer of the subject merchandise; and (3) the cash deposit rate for all other producers and exporters will be equal to the all-others estimated weighted-average dumping margin. These suspension of liquidation instructions will remain in effect until further notice.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the later of: (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered; or (b) the date on which notice of initiation of the investigation was published. Commerce preliminarily finds that critical circumstances exist for the seven companies that did not respond to the Q&V questionnaire (*i.e.*, ABC Digital Technology Co Ltd; Beeconscious Co; Dester Co, Ltd; Pimlapas Printing Co., Ltd; Sincerely Cargo; Thai Coconut Co Ltd; and Thai Union Manufacturing Co., Ltd.). In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation shall apply to unliquidated entries of shipments of subject merchandise from the producers/exporters identified in this paragraph that were entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before the publication of this notice.

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in connection with this preliminary determination to interested parties within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Consistent with 19 CFR 351.224(e), Commerce will analyze and, if appropriate, correct any timely allegations of significant ministerial errors by amending the preliminary determination. However, consistent with 19 CFR 351.224(d), Commerce will not consider incomplete allegations that do not address the significance standard

under 19 CFR 351.224(g) following the preliminary determination. Instead, Commerce will address such allegations in the final determination together with issues raised in the case briefs or other written comments.

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination.

Public Comment

Case briefs or other written comments on non-scope issues may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation.¹⁰ Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.¹¹ Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹²

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide an executive summary of their brief that should be limited to five pages total, including footnotes. In this investigation, we instead request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.¹³ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this investigation. We request that interested parties include footnotes for relevant citations in the public executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁴

¹⁰ See 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements).

¹¹ See 19 CFR 351.309(d); *see also* *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

¹² See 19 CFR 351.309(c)(2) and (d)(2).

¹³ We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁴ See *APO and Service Final Rule*.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the **Federal Register**. Requests should contain the party’s name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final antidumping determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On August 9 and 28, 2024, Thai Paper and the American Paper Plate Coalition¹⁵ (*i.e.*, the petitioner) requested that Commerce postpone the final determination and that the provisional measures be extended to a period not to exceed six months, respectively.¹⁶ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial

¹⁵ The members of the Coalition are: AJM Packaging Corporation; Aspen Product Inc; Dart Container Corporation; Hoffmaster Group, Inc.; Huhtamaki Americas, Inc.; and Unique Industries, Inc.

¹⁶ See Thai Paper’s Letter, “Request to Postpone the Deadline for Final Determination,” August 9, 2024; and Petitioner’s Letter, “Request to Postpone the Deadline for Final Determination,” August 28, 2024.

exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

U.S. International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the U.S. International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether these imports of certain paper plates from Thailand are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This preliminary determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: August 29, 2024.

Ryan Majerus,

Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is certain paper plates. Paper plates subject to this investigation may be cut from rolls, sheets, or other pieces of paper and/or paper board. Paper plates subject to this investigation have a depth up to and including two (2.0) inches, as measured vertically from the base to the top of the lip, or the edge if the plate has no lip. Paper plates subject to this investigation may be uncolored, white, colored, or printed. Printed paper plates subject to this investigation may have any type of surface finish, and may be printed by any means with images, text and/or colors on one or both surfaces. Colored paper plates subject to this investigation may be colored by any method, including but not limited to printing, beater-dyeing, and dip-dyeing. Paper plates subject to this investigation may be produced from paper of any type (including, but not limited to, bamboo, straws, bagasse, hemp, kenaf, jute, sisal, abaca, cotton inters and reeds, or from non-plant sources, such as synthetic resin (petroleum)-based resins), may have any caliper or basis weight, may have any shape or size, may have one or more than one section, may be embossed, may have foil or other substances adhered to their surface, and/or may be uncoated or coated with any type of coating.

The paper plates subject to this investigation remain covered by the scope of this investigation whether imported alone, or in any combination of subject and non-subject merchandise. When paper plates subject to this investigation are imported in combination with non-subject merchandise, only the paper plates subject to this investigation are subject merchandise.

The paper plates subject to this investigation include paper plates matching the above description that have been finished, packaged, or otherwise processed in a third country by performing finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates. Examples of finishing, packaging, or other processing in a third country that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates include, but are not limited to, printing, application of other surface treatments such as coatings, repackaging, embossing, and application of foil surface treatments.

Excluded from the scope of this investigation are paper plates molded or pressed directly from paper pulp (including but not limited to unfelted pulp), which are currently classifiable under subheading 4823.70.0020 of the Harmonized Tariff Schedule of the United States (HTSUS).

Also excluded from the scope of this investigation are articles that otherwise would be covered but which exhibit the following two physical characteristics: (a) depth (measured vertically from the base to the top of the lip, or edge if no lip) equal to or greater than 1.25 inches but less than two (2.0) inches, and (b) a base not exceeding five (5.0) inches in diameter if round, or not exceeding 20 square inches in area if any other shape.

Also excluded from the scope of this investigation are paper bowls, paper buckets, and paper food containers with closeable lids.

Paper plates subject to this investigation are currently classifiable under HTSUS subheading 4823.69.0040. Paper plates subject to this investigation also may be classified under HTSUS subheading 4823.61.0040. If packaged with other articles, the paper plates subject to this investigation also may be classified under HTSUS subheadings 9505.90.4000 and 9505.90.6000. While the HTSUS subheading(s) are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope Comments
- V. Scope of the Investigation
- VI. Affiliation
- VII. Use of Facts Available with Adverse Inferences
- VIII. Discussion of the Methodology
- IX. Preliminary Affirmative Determination of

Critical Circumstances
X. Currency Conversion
XI. Recommendation

[FR Doc. 2024–19972 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–867]

Large Power Transformers From the Republic of Korea: Continuation of Antidumping Duty Order

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: As a result of the determinations by the U.S. Department of Commerce (Commerce) and the U.S. International Trade Commission (ITC) that revocation of the antidumping duty (AD) order on large power transformers (LPTs) from the Republic of Korea (Korea) would likely lead to the continuation or recurrence of dumping, and material injury to an industry in the United States, Commerce is publishing a notice of continuation of this AD order.

DATES: Applicable August 27, 2024.

FOR FURTHER INFORMATION CONTACT:

Natasia Harrison and Peter Farrell, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–1240, or (202) 482–2104, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 31, 2012, Commerce published in the **Federal Register** the AD order on LPTs from Korea.¹ On September 1, 2023, the ITC instituted,² and Commerce initiated,³ the second sunset review of the *Order*, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). As a result of its review, Commerce determined that revocation of the *Order* would likely lead to the continuation or recurrence of dumping, and therefore, notified the ITC of the magnitude of the margins of

¹ See *Large Power Transformers from the Republic of Korea: Antidumping Duty Order*, 77 FR 53177 (August 31, 2012) (*Order*).

² See *Large Power Transformers from South Korea: Institution of a Five-Year Review*, 88 FR 60496 (September 1, 2023).

³ See *Initiation of Five-Year (Sunset) Reviews*, 88 FR 60438 (September 1, 2023).

dumping likely to prevail should the *Order* be revoked.⁴

On August 27, 2024, the ITC published its determination, pursuant to sections 751(c) and 752(a) of the Act, that revocation of the *Order* would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁵

Scope of the Order

The scope of this *Order* covers large liquid dielectric power transformers (LPTs) having a top power handling capacity greater than or equal to 60,000 kilovolt amperes (60 megavolt amperes), whether assembled or unassembled, complete or incomplete.

Incomplete LPTs are subassemblies consisting of the active part and any other parts attached to, imported with or invoiced with the active parts of LPTs. The “active part” of the transformer consists of one or more of the following when attached to or otherwise assembled with one another: the steel core or shell, the windings, electrical insulation between the windings, the mechanical frame for an LPT.

The product definition encompasses all such LPTs regardless of name designation, including but not limited to step-up transformers, step-down transformers, autotransformers, interconnection transformers, voltage regulator transformers, rectifier transformers, and power rectifier transformers.

The LPTs subject to this *Order* are currently classifiable under subheadings 8504.23.0040, 8504.23.0080 and 8504.90.9540 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this *Order* is dispositive.

Continuation of the Order

As a result of the determinations by Commerce and the ITC that revocation of the *Order* would likely lead to continuation or recurrence of dumping and material injury to an industry in the United States, pursuant to section 751(d)(2) of the Act, Commerce hereby orders the continuation of the *Order*. U.S. Customs and Border Protection will continue to collect AD cash deposits at the rates in effect at the time of entry for all imports of subject merchandise.

⁴ See *Large Power Transformers from Korea: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Orders*, 89 FR 330 (January 3, 2024), and accompanying Issues and Decision Memorandum (IDM).

⁵ See *Large Power Transformers from the Republic of Korea*, 89 FR 68644 (August 27, 2024) (ITC Final Determination).

The effective date of the continuation of the *Order* will be August 27, 2024.⁶ Pursuant to section 751(c)(2) of the Act and 19 CFR 351.218(c)(2), Commerce intends to initiate the next five-year reviews of the *Order* not later than 30 days prior to fifth anniversary of the date of the last determination by the ITC.

Administrative Protective Order (APO)

This notice also serves as a final reminder to parties subject to an APO of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This five-year (sunset) review and this notice are in accordance with sections 751(c) and 751(d)(2) of the Act and published in accordance with section 777(i) of the Act, and 19 CFR 351.218(f)(4).

Dated: August 28, 2024.

Ryan Majerus,

Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

[FR Doc. 2024–19899 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[Application No. 84–35A12]

Export Trade Certificate of Review

ACTION: Notice of application for an amended Export Trade Certificate of Review for Northwest Fruit Exporters (NFE), Application No. 84–35A12.

SUMMARY: The Secretary of Commerce, through the Office of Trade and Economic Analysis (OTEA) of the International Trade Administration, has received an application for an amended Export Trade Certificate of Review (Certificate). This notice summarizes the proposed application and seeks public comments on whether the Certificate should be issued.

⁶ See ITC Final Determination.

FOR FURTHER INFORMATION CONTACT:

Amanda Reynolds, Acting Director, OTEA, International Trade Administration, (202) 482–5131 (this is not a toll-free number) or email at etca@trade.gov.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4011–21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. An Export Trade Certificate of Review protects the holder and the members identified in the Certificate from State and Federal government antitrust actions and from private treble damage antitrust actions for the export conduct specified in the Certificate and carried out in compliance with its terms and conditions. The regulations implementing Title III are found at 15 CFR part 325. OTEA is issuing this notice pursuant to 15 CFR 325.6(a), which requires the Secretary of Commerce to publish a summary of the application in the **Federal Register**, identifying the applicant and each member and summarizing the proposed export conduct.

Request for Public Comments

Interested parties may submit written comments relevant to the determination whether a Certificate should be issued. If the comments include any privileged or confidential business information, it must be clearly marked and a nonconfidential version of the comments (identified as such) should be included. Any comments not marked as privileged or confidential business information will be deemed to be nonconfidential.

Written comments should be sent to ETCA@trade.gov. An original and two (2) copies should also be submitted no later than 20 days after the date of this notice to: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce, Room 21028, Washington, DC 20230.

Information submitted by any person is exempt from disclosure under the Freedom of Information Act (5 U.S.C. 552). However, nonconfidential versions of the comments will be made available to the applicant if necessary for determining whether or not to issue the Certificate. Comments should refer to this application as “Export Trade Certificate of Review, application number 84–35A12.”

Summary of the Application

Applicant: Northwest Fruit Exporters (NFE), 105 S 18th St., Suite 105 Yakima, WA 98901.

Contact: Riley Bushue, Manager.

Application No.: 84–35A12.

Date Deemed Submitted: August 19, 2024.

Proposed Amendment: NFE seeks to amend its Certificate as follows:

1. Remove the following companies as Members of the Certificate:

- Blue Star Growers, Inc., Cashmere, WA
- Columbia Valley Fruit, L.L.C., Yakima, WA
- Honey Bear Tree Fruit Co., LLC., Yakima, WA
- Oneonta Trading Corp., The Dalles, OR
- Smith & Nelson, Inc., Tonasket, WA

2. Change the names of the following Members of the Certificate:

- HoneyBear Growers, LLC (Brewster, WA) changes to Honeybear Growers, LLC (Brewster, WA)

3. Change the Export Product coverage of the following Members of the Certificate:

- Legacy Fruit Packers LLC changes Export Product coverage from fresh apples and fresh pears to fresh apples (dropping fresh pears).
- Piepel Premium Fruit Packing LLC changes Export Product coverage from fresh apples and fresh sweet cherries to fresh apples (dropping fresh sweet cherries).
- Honeybear Growers, LLC changes Export Product coverage from fresh apples to fresh apples and fresh sweet cherries (adding fresh sweet cherries).

Northwest Fruit Exporters proposed amendment of its Certificate would result in the following Membership list:

1. Allan Bros., Naches, WA
2. AltaFresh L.L.C. dba Chelan Fresh Marketing, Chelan, WA
3. Apple House Warehouse & Storage, Inc., Brewster, WA
4. Apple King, L.L.C., Yakima, WA
5. Auvil Fruit Co., Inc. dba Gee Whiz II, LLC, Orondo, WA
6. Baker Produce, Inc., Kennewick, WA
7. Blue Bird, Inc., Peshastin, WA
8. Borton & Sons, Inc., Yakima, WA
9. Brewster Heights Packing & Orchards, LP dba Gebbers Farms, Brewster, WA
10. Chelan Fruit, Chelan, WA
11. Chiawana, Inc. dba Columbia Reach Pack, Yakima, WA
12. Chuy's Cherries LLC, Mattawa, WA
13. CMI Orchards LLC, Wenatchee, WA
14. Columbia Fresh Packing LLC, Kennewick, WA
15. Congdon Packing Co. L.L.C., Yakima, WA
16. Cowiche Growers, Inc., Cowiche, WA
17. CPC International Apple Company, Tieton, WA

18. Crane Ranch, Brewster, WA
19. Custom Apple Packers, Inc., Quincy & Wenatchee, WA
20. Diamond Fruit Growers Inc., Odell, OR
21. Domex Superfresh Growers LLC, Yakima, WA
22. Douglas Fruit Company, Inc., Pasco, WA
23. Dovex Export Company, Wenatchee, WA
24. Duckwall Fruit, Odell, OR
25. E. Brown & Sons, Inc., Milton-Freewater, OR
26. Evans Fruit Co., Inc., Yakima, WA
27. E.W. Brandt & Sons, Inc., Parker, WA
28. FirstFruits Farms, LLC, Prescott, WA
29. G&G Orchards, Inc., Yakima, WA
30. Gilbert Orchards, Inc., Yakima, WA
31. Hansen Fruit & Cold Storage Co., Inc., Yakima, WA
32. Henggeler Packing Co., Inc., Fruitland, ID
33. Honeybear Growers, LLC, Brewster, WA (for fresh apples and fresh sweet cherries)
34. Hood River Cherry Company, Hood River, OR
35. JackAss Mt. Ranch, Pasco, WA
36. Jenks Bros Cold Storage & Packing, Royal City, WA
37. Kershaw Fruit & Cold Storage, Co., Yakima, WA
38. L & M Companies, Union Gap, WA
39. Lateral Roots Farm, LLC, Wapato, WA
40. Legacy Fruit Packers LLC, Wapato, WA (for fresh apples only)
41. Manson Growers, Manson, WA
42. Matson Fruit Company, Selah, WA
43. McDougall & Sons, Inc., Wenatchee, WA
44. Monson Fruit Co., LLC, Selah, WA
45. Morgan's of Washington dba Double Diamond Fruit, Quincy, WA
46. New Columbia Fruit Packers, LLC, Wenatchee, WA
47. Northern Fruit Company, Inc., Wenatchee, WA
48. Olympic Fruit Co., Moxee, WA
49. Orchard View Farms, Inc., The Dalles, OR
50. Pacific Coast Cherry Packers, LLC, Yakima, WA
51. Piepel Premium Fruit Packing LLC, East Wenatchee, WA (for fresh apples only)
52. Pine Canyon Growers LLC, Orondo, WA
53. Polehn Farms, Inc., The Dalles, OR
54. Price Cold Storage & Packing Co., Inc., Yakima, WA
55. Quincy Fresh Fruit Co., Quincy, WA
56. Rainier Fruit Company, Selah, WA
57. River Valley Fruit, LLC, Grandview, WA
58. Roche Fruit, LLC, Yakima, WA
59. Sage Fruit Company, L.L.C., Yakima, WA

60. Stemilt Growers, LLC, Wenatchee, WA
61. Symms Fruit Ranch, Inc., Caldwell, ID
62. The Dalles Fruit Company, LLC, Dallesport, WA
63. Underwood Fruit & Warehouse Co., Bingen, WA
64. Valicoff Fruit Company, Inc., Wapato, WA
65. Washington Cherry Growers, Peshastin, WA
66. Washington Fruit & Produce Co., Yakima, WA
67. Western Sweet Cherry Group, LLC, Yakima, WA
68. Whitby Farms, Inc. dba: Farm Boy Fruit Snacks LLC, Mesa, WA
69. WP Packing LLC, Wapato, WA
70. Yakima Fruit & Cold Storage Co., Yakima, WA
71. Zirkle Fruit Company, Selah, WA

Dated: August 29, 2024.

Amanda Reynolds,

Acting Director, Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce.

[FR Doc. 2024–19898 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–DR–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–552–839]

Certain Paper Plates From the Socialist Republic of Vietnam: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination, and Extension of Provisional Measures

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that certain paper plates (paper plates) from the Socialist Republic of Vietnam (Vietnam) are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is July 1, 2023, through December 31, 2023. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Bryan Hansen, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–3683.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation in the **Federal Register** on February 26, 2024.¹ On June 12, 2024, Commerce postponed the preliminary determination of this investigation until August 22, 2024.² On July 22, 2024, Commerce tolled certain deadlines in this administrative proceeding by seven days.³ The deadline for the preliminary determination is now August 29, 2024.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are certain paper plates from Vietnam. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export prices in accordance with section 772(a) of the Act. Because Vietnam is a non-market economy country, within the meaning of section 771(18) of the Act,⁷ Normal value is calculated in accordance with section 773(c) of the Act. In addition, pursuant to sections 776(a) and (b) of the Act, Commerce preliminarily relied upon facts otherwise available, with adverse inferences, for the Vietnam-wide entity.

For a full description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances, in Part

In accordance with section 733(e) of the Act and 19 CFR 351.206, Commerce preliminarily finds that critical circumstances exist for the Vietnam-Wide entity but not for Go-Pak Paper Products Vietnam Co., Ltd. For a full description of the methodology and results of Commerce's analysis, *see* the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,⁸ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.⁹ In this investigation, we assigned a producer/exporter combination rate for Go-Pak Paper Products Vietnam Co., Ltd., *i.e.*, the sole respondent eligible for a separate rate.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

Exporter	Producer	Weighted-average dumping margin (percent)	Cash deposit rate (adjusted for export subsidy offset) (percent)
Go-Pak Paper Products Vietnam Co., Ltd.	Go-Pak Paper Products Vietnam Co., Ltd.	0.00	0.00
Vietnam-Wide Entity .....	.....	* 165.27	159.79

* Rate based on facts available with adverse inferences.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, for companies included in the Vietnam-wide entity, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for

consumption on or after the date which is 90 days before the date of publication of this notice in the **Federal Register**. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as indicated in the

table above, as follows: (1) for the Vietnam-wide entity, the cash deposit rate is equal to the estimated weighted-average dumping margin listed in the table; (2) for all combinations of Vietnamese producers/exporters of merchandise under consideration that have not established eligibility for their own separate rates, the cash deposit rate

¹ See *Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 89 FR 14046 (February 26, 2024) (*Initiation Notice*).
² See *Certain Paper Plates from the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 89 FR 49833 (June 12, 2024).
³ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Proceedings," dated July 22, 2024.

⁴ See Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination of Sales at Less Than Fair Value of Certain Paper Plates from the Socialist Republic of Vietnam," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).
⁵ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997).
⁶ See *Initiation Notice*, 89 FR at 14047.
⁷ See *Raw Honey from the Socialist Republic of Vietnam: Final Results of Antidumping Duty*

Changed Circumstances Review, 89 FR 64411 (August 7, 2024).
⁸ See *Initiation Notice*, 89 FR at 14051.
⁹ See Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's website at <https://access.trade.gov/Resources/policy/bull05-1.pdf>.

will be equal to the estimated weighted-average dumping margin established for the Vietnam-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the Vietnamese producer/exporter combination that supplied that third-country exporter, or, if the exporter/producer combination does not have its own rate, the cash deposit rate will be the Vietnam-wide rate.

Because the estimated weighted-average dumping margin for a certain producer/exporter combination is zero or *de minimis* (i.e., less than 0.5 percent), Commerce is directing CBP not to suspend liquidation of entries of subject merchandise from that producer/exporter combination. Entries of subject merchandise from this exporter supplied by any other producer, or from this producer that supplied any other exporter, or from third-country exporters that sourced from the excluded producer/exporter combination, are not entitled to this exclusion from suspension of liquidation and are subject to the provisional measures at the cash deposit rate established for the Vietnam-wide entity.

Should the final estimated weighted-average dumping margin be zero or *de minimis* for the producer/exporter combination identified above, entries of merchandise from this producer/exporter combination will be excluded from the order. Such exclusion will not be applicable to merchandise exported to the United States by any other producer/exporter combinations or by third-country exporters that sourced from the excluded producer/exporter combination.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, in part, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of: (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered; or (b) the date on which notice of initiation of the investigation was published. Commerce preliminarily finds that critical circumstances exist for imports of subject merchandise from the Vietnam-wide entity. In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation shall apply to all unliquidated entries of merchandise from the Vietnam-wide entity that were entered, or withdrawn from warehouse, for consumption on or after the date

which is 90 days before the publication of this notice.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding when CVD provisional measures are in effect. Accordingly, where Commerce has made a preliminary affirmative determination for domestic subsidy pass-through or export subsidies, Commerce has offset the calculated estimated weighted-average dumping margin by the appropriate rate(s). Any such adjusted rates may be found in the "Preliminary Determination" section's chart of estimated weighted-average dumping margins above.

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting cash deposits at a rate equal to the estimated weighted-average dumping margins calculated in this preliminary determination unadjusted for the passed-through domestic subsidies or for export subsidies at the time the CVD provisional measures expire.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in connection with this preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Consistent with 19 CFR 351.224(e), Commerce will analyze and, if appropriate, correct any timely allegations of significant ministerial errors by amending the preliminary determination. However, consistent with 19 CFR 351.224(d), Commerce will not consider incomplete allegations that do not address the significance standard under 19 CFR 351.224(g) following the preliminary determination. Instead, Commerce will address such allegations in the final determination together with issues raised in the case briefs or other written comments.

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify information relied upon in making its final determination.

Public Comment

Case briefs or other written comments on non-scope issues may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation.¹⁰ Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.¹¹ Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹²

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide a public executive summary of their brief that should be limited to five pages total, including footnotes. In this investigation, we instead request that interested parties provide at the beginning of their briefs a public executive summary for each issue raised in their briefs.¹³ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this investigation. We request that interested parties include footnotes for relevant citations in the public executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁴

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the **Federal Register**. Requests should contain the party's name, address, and telephone number, the number of

¹⁰ Case briefs and rebuttal briefs submitted in response to this preliminary determination should not include scope-related issues.

¹¹ See 19 CFR 351.309(d); see also *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

¹² See 19 CFR 351.309(c)(2) and (d)(2).

¹³ We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁴ See *APO and Service Final Rule*.

participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined. Parties should confirm the date, time, and location of the hearing two days before the scheduled date.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final antidumping duty determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On August 22 and 28, 2024, Go-Pak Paper Products Vietnam Co., Ltd. and the American Paper Plate Coalition¹⁵ (*i.e.*, the petitioner) requested that Commerce postpone the final determination and that the provisional measures be extended to a period not to exceed six months, respectively.¹⁶ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

¹⁵ The members of the Coalition are: AJM Packaging Corporation; Aspen Product Inc.; Dart Container Corporation; Hoffmaster Group, Inc.; Huhtamaki Americas, Inc.; and Unique Industries, Inc.

¹⁶ See Go-Pak Paper Products Vietnam Co., Ltd.'s Letter, "Request to Extend Final Determination," dated August 22, 2024; and Petitioner's Letter, "Request to Postpone the Deadline for Final Determination," August 28, 2024.

U.S. International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the U.S. International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether these imports of certain paper plates from Vietnam are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This preliminary determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: August 29, 2024.

Ryan Majerus,

Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is certain paper plates. Paper plates subject to this investigation may be cut from rolls, sheets, or other pieces of paper and/or paper board. Paper plates subject to this investigation have a depth up to and including two (2.0) inches, as measured vertically from the base to the top of the lip, or the edge if the plate has no lip. Paper plates subject to this investigation may be uncolored, white, colored, or printed. Printed paper plates subject to this investigation may have any type of surface finish, and may be printed by any means with images, text and/or colors on one or both surfaces. Colored paper plates subject to this investigation may be colored by any method, including but not limited to printing, beater-dyeing, and dip-dyeing. Paper plates subject to this investigation may be produced from paper of any type (including, but not limited to, bamboo, straws, bagasse, hemp, kenaf, jute, sisal, abaca, cotton inters and reeds, or from non-plant sources, such as synthetic resin (petroleum)-based resins), may have any caliper or basis weight, may have any shape or size, may have one or more than one section, may be embossed, may have foil or other substances adhered to their surface, and/or may be uncoated or coated with any type of coating.

The paper plates subject to this investigation remain covered by the scope of this investigation whether imported alone, or in any combination of subject and non-subject merchandise. When paper plates subject to this investigation are imported in combination with non-subject merchandise, only the paper plates subject to this investigation are subject merchandise.

The paper plates subject to this investigation include paper plates matching

the above description that have been finished, packaged, or otherwise processed in a third country by performing finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates. Examples of finishing, packaging, or other processing in a third country that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the paper plates include, but are not limited to, printing, application of other surface treatments such as coatings, repackaging, embossing, and application of foil surface treatments.

Excluded from the scope of this investigation are paper plates molded or pressed directly from paper pulp (including but not limited to unfelted pulp), which are currently classifiable under subheading 4823.70.0020 of the Harmonized Tariff Schedule of the United States (HTSUS).

Also excluded from the scope of this investigation are articles that otherwise would be covered but which exhibit the following two physical characteristics: (a) depth (measured vertically from the base to the top of the lip, or edge if no lip) equal to or greater than 1.25 inches but less than two (2.0) inches, and (b) a base not exceeding five (5.0) inches in diameter if round, or not exceeding 20 square inches in area if any other shape.

Also excluded from the scope of this investigation are paper bowls, paper buckets, and paper food containers with closeable lids.

Paper plates subject to this investigation are currently classifiable under HTSUS subheading 4823.69.0040. Paper plates subject to this investigation also may be classified under HTSUS subheading 4823.61.0040. If packaged with other articles, the paper plates subject to this investigation also may be classified under HTSUS subheadings 9505.90.4000 and 9505.90.6000. While the HTSUS subheading(s) are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Discussion of the Methodology
- V. Currency Conversion
- VI. Preliminary Affirmative Determination of Critical Circumstances
- VII. Adjustment Under Section 777A(F) of the Act
- VIII. Adjustment to the Cash Deposit Rate for Export Subsidies
- IX. Recommendation

[FR Doc. 2024–19964 Filed 9–4–24; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XE256]

Endangered and Threatened Species; Notice of Initiation of a 5-Year Review for the Tanzanian Distinct Population Segment of African Coelacanth

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

ACTION: Notice of initiation; request for information.

SUMMARY: NMFS announces the initiation of a 5-year review for the Tanzanian distinct population segment (DPS) of African coelacanth (*Latimeria chalumnae*). NMFS is required by the Endangered Species Act (ESA) to conduct 5-year reviews to ensure that the listing classifications of species are accurate. The 5-year review must be based on the best scientific and commercial data available at the time of the review. We request submission of any such information on the Tanzanian DPS of African coelacanth, particularly information on the status, threats, and recovery of the species that has become available since it was listed in 2016.

DATES: To allow us adequate time to conduct this review, we must receive your information no later than November 4, 2024.

ADDRESSES: You may submit information on this document, identified by NOAA-NMFS-2024-0102, by the following method:

- **Electronic Submission:** Submit electronic information via the Federal e-Rulemaking Portal. Go to <https://www.regulations.gov> and enter NOAA-NMFS-2024-0102 in the Search box. Click on the "Comment" icon, complete the required fields, and enter or attach your comments.

Instructions: Information sent by any other method, to any other address or individual, or received after the end of the specified period, may not be considered by NMFS. All information received is a part of the public record and will generally be posted for public viewing on <https://www.regulations.gov> without change. All personal identifying information (e.g., name, address, etc.), confidential business information, or otherwise sensitive or protected information submitted voluntarily by the sender will be publicly accessible. NMFS will accept anonymous submissions (enter "N/A" in the required fields if you wish to remain anonymous).

FOR FURTHER INFORMATION CONTACT: Heather Austin, Office of Protected Resources, (301) 427-8422 or Heather.Austin@noaa.gov.

SUPPLEMENTARY INFORMATION: This notice announces our review of the Tanzanian DPS of African coelacanth (*Latimeria chalumnae*) listed as threatened under the ESA. Section 4(c)(2)(A) of the ESA requires that we conduct a review of listed species at least once every 5 years. This will be the first review of this species since it was listed in 2016 under the ESA (81 FR 17398, March 29, 2016). The regulations in 50 CFR 424.21 require that we publish a notice in the **Federal Register** announcing species currently under active review. On the basis of such reviews under section 4(c)(2)(B), we determine whether any species should be removed from the list (i.e., delisted) or reclassified from endangered to threatened or from threatened to endangered (16 U.S.C. 1533(c)(2)(B)). As described by the regulations in 50 CFR 424.11(e), the Secretary shall delist a species if the Secretary determines based on considerations of the factors and standards set forth in paragraph (c) of that section, that the best scientific and commercial data available substantiate that: (1) the species is extinct; (2) the species has recovered to the point at which it no longer meets the definition of an endangered species or a threatened species; (3) new information that has become available since the original listing decisions shows the listed entity does not meet the definition of an endangered species or a threatened species; or (4) new information that has become available since the original listing decision shows the listed entity does not meet the definition of a species. Any change in Federal classification would require a separate rulemaking process.

Background information on the species is available on the NMFS website at: <https://www.fisheries.noaa.gov/species/african-coelacanth>.

Public Solicitation of New Information

To ensure that the review is complete and based on the best available scientific and commercial information, we are soliciting new information from the public, governmental agencies, Tribes, the scientific community, industry, environmental entities, and any other interested parties concerning the status of *Latimeria chalumnae*. Categories of requested information include: (1) species biology including, but not limited to, population trends, distribution, abundance, demographics, and genetics; (2) habitat conditions

including, but not limited to, amount, distribution, and important features for conservation; (3) status and trends of threats to the DPS and its habitats; (4) conservation measures that have been implemented that benefit the DPS, including monitoring data demonstrating effectiveness of such measures; and (5) other new information, data, or corrections including, but not limited to, taxonomic or nomenclatural changes and improved analytical methods for evaluating extinction risk.

If you wish to provide information for the review, you may submit your information and materials electronically (see **ADDRESSES** section). We request that all information be accompanied by supporting documentation such as maps, bibliographic references, or reprints of pertinent publications.

Authority: 16 U.S.C. 1531 *et seq.*

Dated: August 30, 2024.

Lisa Manning,

Acting Chief, Endangered Species Conservation Division, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 2024-19922 Filed 9-4-24; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XE209]

Taking and Importing Marine Mammals; Taking Marine Mammals Incidental to Geophysical Surveys Related to Oil and Gas Activities in the Gulf of Mexico

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

ACTION: Notice of issuance of Letter of Authorization.

SUMMARY: In accordance with the Marine Mammal Protection Act (MMPA), as amended, its implementing regulations, and NMFS' MMPA Regulations for Taking Marine Mammals Incidental to Geophysical Surveys Related to Oil and Gas Activities in the Gulf of Mexico, notification is hereby given that NMFS has issued a Letter of Authorization (LOA) to Echo Offshore, LLC (Echo) for the take of marine mammals incidental to geophysical survey activity in the Gulf of Mexico (GOM).

DATES: The LOA is effective from August 21, 2024 through December 31, 2024.

ADDRESSES: The LOA, LOA request, and supporting documentation are available online at: <https://www.fisheries.noaa.gov/action/incidental-take-authorization-oil-and-gas-industry-geophysical-survey-activity-gulf-mexico>. In case of problems accessing these documents, please call the contact listed below (see **FOR FURTHER INFORMATION CONTACT**).

FOR FURTHER INFORMATION CONTACT: Jenna Harlacher, Office of Protected Resources, NMFS, (301) 427–8401.

SUPPLEMENTARY INFORMATION:

Background

Sections 101(a)(5)(A) and (D) of the MMPA (16 U.S.C. 1361 *et seq.*) direct the Secretary of Commerce to allow, upon request, the incidental, but not intentional, taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographical region if certain findings are made and either regulations are issued or, if the taking is limited to harassment, a notice of a proposed authorization is provided to the public for review.

An authorization for incidental takings shall be granted if NMFS finds that the taking will have a negligible impact on the species or stock(s), will not have an unmitigable adverse impact on the availability of the species or stock(s) for subsistence uses (where relevant), and if the permissible methods of taking and requirements pertaining to the mitigation, monitoring and reporting of such takings are set forth. NMFS has defined “negligible impact” in 50 CFR 216.103 as an impact resulting from the specified activity that cannot be reasonably expected to, and is not reasonably likely to, adversely affect the species or stock through effects on annual rates of recruitment or survival.

Except with respect to certain activities not pertinent here, the MMPA defines “harassment” as: any act of pursuit, torment, or annoyance which (i) has the potential to injure a marine mammal or marine mammal stock in the wild (Level A harassment); or (ii) has the potential to disturb a marine mammal or marine mammal stock in the wild by causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding, or sheltering (Level B harassment).

On January 19, 2021, we issued a final rule with regulations to govern the unintentional taking of marine mammals incidental to geophysical survey activities conducted by oil and gas industry operators, and those

persons authorized to conduct activities on their behalf (collectively “industry operators”), in U.S. waters of the GOM over the course of 5 years (86 FR 5322, January 19, 2021). The rule was based on our findings that the total taking from the specified activities over the 5-year period will have a negligible impact on the affected species or stock(s) of marine mammals and will not have an unmitigable adverse impact on the availability of those species or stocks for subsistence uses, and became effective on April 19, 2021.

The regulations at 50 CFR 217.180 allow for the issuance of LOAs to industry operators for the incidental take of marine mammals during geophysical survey activities and prescribe the permissible methods of taking and other means of effecting the least practicable adverse impact on marine mammal species or stocks and their habitat (often referred to as mitigation), as well as requirements pertaining to the monitoring and reporting of such taking. Under 50 CFR 217.186(e), issuance of an LOA shall be based on a determination that the level of taking will be consistent with the findings made for the total taking allowable under these regulations and a determination that the amount of take authorized under the LOA is of no more than small numbers.

NMFS subsequently discovered that the 2021 rule was based on erroneous take estimates. We conducted another rulemaking using correct take estimates and other newly available and pertinent information relevant to the analyses supporting some of the findings in the 2021 final rule and the taking allowable under the regulations. We issued a final rule in April 2024, effective May 24, 2024 (89 FR 31488, April 24, 2024).

The 2024 final rule made no changes to the specified activities or the specified geographical region in which those activities would be conducted, nor to the original 5-year period of effectiveness. In consideration of the new information, the 2024 rule presented new analyses supporting affirmance of the negligible impact determinations for all species, and affirmed that the existing regulations, which contain mitigation, monitoring, and reporting requirements, are consistent with the “least practicable adverse impact” (LPAI) standard of the MMPA.

Summary of Request and Analysis

Echo plans to conduct a 2D high-resolution seismic survey in the Vermillion area (Lease Blocks 164, 165, 178, and 179) and Eugene Island, South Addition area (Lease Blocks 369, 370,

371, 385, 386, and 387), with water depths ranging from approximately 27–157 meters (m). See section F of the LOA application for a map of the area. Echo plans to use a single, 20-cubic inch airgun, in addition to three other high-resolution geophysical (HRG) acoustic sources. Please see Echo’s application for additional detail.

Consistent with the preamble to the final rule, the survey effort proposed by Echo in its LOA request was used to develop LOA-specific take estimates based on the acoustic exposure modeling results described in the preamble (89 FR 31488, April 24, 2024). In order to generate the appropriate take number for authorization, the following information was considered: (1) survey type; (2) location (by modeling zone¹); (3) number of days; (4) source; and (5) month.² The acoustic exposure modeling performed in support of the rule provides 24-hour exposure estimates for each species, specific to each modeled source and survey type in each zone and month.

Exposure modeling results were generated using the single airgun proxy. Because those results assume use of a 90-cubic inch (in³) airgun, the take numbers authorized through this LOA are considered conservative (*i.e.*, they likely overestimate take) due to differences in the sound source planned for use by Echo, as compared to those modeled for the rule.

The survey will take place over approximately 13 days with 6 days of sound source operation in Zone 2. The monthly distribution of survey days is not known in advance, though we assume that the planned 6 days of source operation would occur contiguously. Take estimates for each species are based on the month that produces the greatest value.

Based on the results of our analysis, NMFS has determined that the level of taking expected for this survey and authorized through the LOA is consistent with the findings made for the total taking allowable under the regulations. See table 1 in this notice and table 6 of the rule (89 FR 31488, April 24, 2024).

Small Numbers Determination

Under the GOM rule, NMFS may not authorize incidental take of marine

¹ For purposes of acoustic exposure modeling, the GOM was divided into seven zones. Zone 1 is not included in the geographic scope of the rule.

² Acoustic propagation modeling was performed for two seasons: Winter (December–March) and Summer (April–November). Marine mammal density data is generally available on a monthly basis, and therefore further refines take estimates temporally.

mammals in an LOA if it will exceed “small numbers.” In short, when an acceptable estimate of the individual marine mammals taken is available, if the estimated number of individual animals taken is up to, but not greater than, one-third of the best available abundance estimate, NMFS will determine that the numbers of marine mammals taken of a species or stock are small (see 89 FR 31535, May 24, 2024). For more information please see NMFS’ discussion of small numbers in the 2021 final rule (86 FR 5438, January 19, 2021).

The take numbers for authorization are determined as described above in the Summary of Request and Analysis section, are used by NMFS in making the necessary small numbers determinations, through comparison with the best available abundance estimates (see discussion at 86 FR 5322, 5391, January 19, 2021). For this comparison, NMFS’ approach is to use the maximum theoretical population, determined through review of current stock assessment reports (SAR; <https://www.fisheries.noaa.gov/national/marine-mammal-protection/marine-mammal-stock-assessments>) and model-

predicted abundance information (<https://seamap.env.duke.edu/models/Duke/GOM/>). For the latter, for taxa where a density surface model could be produced, we use the maximum mean seasonal (*i.e.*, 3-month) abundance prediction for purposes of comparison as a precautionary smoothing of month-to-month fluctuations and in consideration of a corresponding lack of data in the literature regarding seasonal distribution of marine mammals in the GOM. Information supporting the small numbers determinations is provided in table 1.

TABLE 1—TAKE ANALYSIS

Species	Authorized take	Abundance ²	Percent abundance
Rice’s whale	0	51	n/a
Sperm whale	0	3,007	n/a
<i>Kogia</i> spp.	0	980	n/a
Beaked whales	0	803	n/a
Rough-toothed dolphin	³ 14	4,853	0
Bottlenose dolphin	185	165,125	0
Clymene dolphin	0	4,619	n/a
Atlantic spotted dolphin	⁴ 26	21,506	0
Pantropical spotted dolphin	0	67,225	n/a
Spinner dolphin	0	5,548	n/a
Striped dolphin	0	5,634	n/a
Fraser’s dolphin	0	1,665	n/a
Risso’s dolphin	0	1,974	n/a
Blackfish ⁵	0	6,113	n/a
Short-finned pilot whale	0	2,741	n/a

¹ Scalar ratios were not applied in this case due to brief survey duration.

² Best abundance estimate. For most taxa, the best abundance estimate for purposes of comparison with take estimates is considered here to be the model-predicted abundance (Garrison *et al.*, 2023). For Rice’s whale, Atlantic spotted dolphin, and Risso’s dolphin, the larger estimated SAR abundance estimate is used.

³ Modeled take of 3 increased to account for potential encounter with a group of average size (Maze-Foley and Mullin, 2006).

⁴ Modeled take of 13 increased to account for potential encounter with a group of average size (Maze-Foley and Mullin, 2006).

⁵ The “blackfish” guild includes melon-headed whales, false killer whales, pygmy killer whales, and killer whales.

Based on the analysis contained herein of Echo’s proposed survey activity described in its LOA application and the anticipated take of marine mammals, NMFS finds that small numbers of marine mammals will be taken relative to the affected species or stock sizes (*i.e.*, less than one-third of the best available abundance estimate) and therefore the taking is of no more than small numbers.

Authorization

NMFS has determined that the level of taking for this LOA request is consistent with the findings made for the total taking allowable under the incidental take regulations and that the amount of take authorized under the LOA is of no more than small numbers. Accordingly, we have issued an LOA to Echo authorizing the take of marine mammals incidental to its geophysical survey activity, as described above.

Dated: August 30, 2024.

Catherine Marzin,

*Acting Director, Office of Protected Resources,
National Marine Fisheries Service.*

[FR Doc. 2024–19920 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XE253]

Membership of the National Oceanic and Atmospheric Administration Performance Review Board

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC).

ACTION: Notice of membership.

SUMMARY: NOAA announces the appointment of members who will serve on the 2024 NOAA Performance Review

Board (PRB). The NOAA PRB is responsible for reviewing performance appraisals and ratings of Senior Executive Service, Senior Level, and Scientific and Professional members and making written recommendations to the appointing authority on retention and compensation matters, including performance-based pay adjustments, awarding of bonuses, and reviewing recommendations for potential Presidential Rank Award nominees. The appointment of members to the NOAA PRB will be for a period of 2 years.

DATES: The effective date of service of the 10 appointees to the NOAA Performance Review Board is October 21–25, 2024.

ADDRESSES: Written requests for further information may be mailed to Mr. Charles A. McLeod, Human Resources Specialist, Executive Resources Division, Office of Human Capital Services, NOAA, at 1305 East-West Highway, Silver Spring, Maryland

20910. See the **FOR FURTHER INFORMATION CONTACT** section below for additional contact methods.

FOR FURTHER INFORMATION CONTACT: Mr. Charles A. McLeod, 301–628–1883 or charles.mcleod@noaa.gov.

SUPPLEMENTARY INFORMATION: The names and positions of the members for the 2024 NOAA PRB are set forth below:

- *Michelle McClure*, Chair: Director, Pacific Marine Environmental Laboratory, NOAA;
- *Deirdre Jones*, Vice-Chair: Chief Administrative Officer, NOAA;
- *Kevin Kimball*: Sr. Advisor for Program Integration, National Institute of Standards and Technology;
- *Jonathan Hare*: Science and Research Director, Northeast Region, National Marine Fisheries Service, NOAA;
- *Timothy Greten*: Director, Office of Facilities, National Weather Service, NOAA;
- *Lori Arguelles*: Director of Strategic Communications, NOAA;
- *El Sayed Talaat*: Director, Office of Projects, Partnerships and Analysis, National Environmental Satellite, Data and Information Service, NOAA;
- *Jeffery Payne*: Director, Office of Coastal Management, National Oceans Service, NOAA;
- *Marian Westley*: Director, Center for Operational Oceanographic Products and Services, National Ocean Service, NOAA;
- *Kenneth Harding*: Chief Operating Officer, National Weather Service, NOAA;
- *Bruce Pitts*: Deputy Chief Administrative Officer, NOAA;
- *Jennifer Mahoney*: Director, Global Systems Laboratory, Office of Oceanic and Atmospheric Research, NOAA;
- *Timothy Walsh*: Director, Joint Polar Satellite Systems, National Environmental Satellite, Data and Information Service, NOAA;
- *Jason Boehm*: Chief of Staff, National Institute of Standards and Technology;
- *Karen Hyun*: Chief of Staff, NOAA.

Dated: August 28, 2024.

Richard W. Spinrad,

Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator.

[FR Doc. 2024–19930 Filed 9–4–24; 8:45 am]

BILLING CODE 3510–12–P

COMMODITY FUTURES TRADING COMMISSION

Renewal of the Technology Advisory Committee

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of renewal.

SUMMARY: The Commodity Futures Trading Commission (CFTC or Commission) is publishing this notice to announce the renewal of the Technology Advisory Committee (TAC). The Commission has determined that the renewal of the TAC is necessary and in the public's interest, and the CFTC has consulted with the General Services Administration's Committee Management Secretariat regarding the TAC's renewal.

FOR FURTHER INFORMATION CONTACT: Anthony Biagioli, Trial Attorney and TAC Designated Federal Officer, at 816–960–7722 or Abiagioli@cftc.gov.

SUPPLEMENTARY INFORMATION: The CFTC's advisory committees were created to provide input and make recommendations to the Commission on a variety of regulatory and market issues that affect the integrity and competitiveness of U.S. financial services and markets. The committees facilitate communication between the Commission and U.S. derivatives markets, trading firms, market participants, and end users. The TAC is one of five CFTC advisory committees. The TAC's objectives and scope of activities shall be to provide advice and recommendations to the Commission. The TAC will assist the Commission with advice and recommendations on the impact and implications of technological innovation in the financial services and markets. The TAC will provide advice on the application and utilization of new technologies in financial services, derivatives, and commodity markets, as well as by market professionals and market users. The TAC may further provide advice to the Commission on the appropriate level of investment in technology at the Commission to meet its surveillance and enforcement responsibilities, and inform the Commission's consideration of technology-related issues to support the Commission's mission of ensuring the integrity of the markets and achievement of other public interest objectives.

The TAC will operate for two years from the date of renewal unless the Commission directs that the TAC terminate on an earlier date. A copy of the TAC renewal charter has been filed with the Commission; the Senate Committee on Agriculture, Nutrition and Forestry; the House Committee on Agriculture; the Library of Congress; and the General Services Administration's Committee Management Secretariat. A copy of the renewal charter will be posted on the CFTC's website at www.cftc.gov.

Dated: August 30, 2024.

Christopher Kirkpatrick,

Secretary of the Commission.

[FR Doc. 2024–19921 Filed 9–4–24; 8:45 am]

BILLING CODE 6351–01–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2024–SCC–0108]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; School Pulse Panel 2024–25 Data Collection Second Quarter Revision

AGENCY: Institute of Education Sciences (IES), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing a revision of a currently approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before October 7, 2024.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be submitted within 30 days of publication of this notice. Click on this link www.reginfo.gov/public/do/PRAMain to access the site. Find this information collection request (ICR) by selecting “Department of Education” under “Currently Under Review,” then check the “Only Show ICR for Public Comment” checkbox. Reginfo.gov provides two links to view documents related to this information collection request. Information collection forms and instructions may be found by clicking on the “View Information Collection (IC) List” link. Supporting statements and other supporting documentation may be found by clicking on the “View Supporting Statement and Other Documents” link.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Carrie Clarady, 202–245–6347.

SUPPLEMENTARY INFORMATION: The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the

burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: School Pulse Panel 2024–25 Data Collection Second Quarter Revision.

OMB Control Number: 1850–0969.

Type of Review: A revision of a currently approved ICR.

Respondents/Affected Public: State, Local, and Tribal Governments.

Total Estimated Number of Annual Responses: 53,955.

Total Estimated Number of Annual Burden Hours: 10,175.

Abstract: The School Pulse Panel is conducted by the National Center for Education Statistics (NCES), part of the Institute of Education Sciences (IES), within the United States Department of Education. Initially, the purpose of the study was to collect extensive real-time data on issues brought to light by the COVID–19 pandemic on students and staff, as well as other important education-related issues that could inform data-driven policy decisions, in U.S. public primary, middle, high, and combined-grade schools and districts. Specifically, this was accomplished by collecting data on, among other things, the percentage of the student body starting the school year behind grade level, the types of learning recovery strategies being implemented and the perceived effectiveness of those strategies, classroom behavioral concerns, mental health services provided, and staffing issues. NCES was able to capture each of these pieces in an expedited fashion and report out findings in a matter of weeks, providing rich information to help tell the full story of what students, staff, and administrators were battling on a daily basis. The success of the quick-turnaround nature of the SPP was a clear indication of the immense value of having a real-time data collection vehicle readily available to capture content on prominent events occurring in the school environment. Therefore, stakeholders and ED leadership have asked NCES to continue this type of data collection methodology for the 2023–24 school year and beyond with content extending beyond COVID–19 pandemic impacts on the education environment.

The preliminary activities for the 2024–25 data collection was formally cleared in January 2024 (OMB# 1850–0969 v.12) and the SPP monthly data collection package was formally cleared in June 2024 (OMB# 1850–0969 v.13). A change request (v.14) was cleared in

June 2024 to make changes to the 2024–25 preliminary activities package in order to modify the July 2024 communication materials and screener survey. A change request (v.15) was cleared in August 2024 to make changes to the August 2024, September 2024, and October 2024 instruments, informed by cognitive testing results with school staff. The new revision (v.16) is focused on a 30-day public comment period on new items (within the scope of the research domains previously established) to be collected on the November 2024, December 2024, and January 2025 instruments, as well as planned items for the rest of the study year, through June 2025. These items are considered very close to final and will go through minimal testing with school personnel to examine any comprehension concerns with item wording. This testing will occur simultaneously with when the package is out for the 30-day public comment period. Feedback from this testing, as well as additional input from SPP stakeholders, will result in modifications and additions that will be reflected in future change requests.

Dated: August 29, 2024.

Stephanie Valentine,

PRA Coordinator, Strategic Collections and Clearance, Governance and Strategy Division, Office of Chief Data Officer, Office of Planning, Evaluation and Policy Development.

[FR Doc. 2024–19855 Filed 9–4–24; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2024–SCC–0109]

Agency Information Collection Activities; Comment Request; High School and Beyond 2022 (HS&B:22) First Follow-Up Field Test Data Collection

AGENCY: Institute of Education Sciences (IES), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing a revision of a currently approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before November 4, 2024.

ADDRESSES: To access and review all the documents related to the information collection listed in this notice, please use <http://www.regulations.gov> by searching the Docket ID number ED–2024–SCC–0109. Comments submitted

in response to this notice should be submitted electronically through the Federal eRulemaking Portal at <http://www.regulations.gov> by selecting the Docket ID number or via postal mail, commercial delivery, or hand delivery. If the regulations.gov site is not available to the public for any reason, the Department will temporarily accept comments at ICDocketMgr@ed.gov. Please include the docket ID number and the title of the information collection request when requesting documents or submitting comments. Please note that comments submitted after the comment period will not be accepted. Written requests for information or comments submitted by postal mail or delivery should be addressed to the Manager of the Strategic Collections and Clearance Team, Governance and Strategy Division, U.S. Department of Education, 400 Maryland Ave. SW, LBJ, Room 4C210, Washington, DC 20202–1200.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Carrie Clarady, 202–245–6347.

SUPPLEMENTARY INFORMATION: The Department, in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the 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 Department is soliciting comments on the proposed information collection request (ICR) that is described below. The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: High School and Beyond 2022 (HS&B:22) First Follow-Up Field Test Data Collection.

OMB Control Number: 1850–0944.

Type of Review: A revision of a currently approved ICR.

Respondents/Affected Public: State, Local, and Tribal Governments.

Total Estimated Number of Annual Responses: 16,167.

Total Estimated Number of Annual Burden Hours: 32,891.

Abstract: The High School and Beyond Longitudinal Study of 2022 (HS&B:22) is the sixth in a series of longitudinal studies at the high school level conducted by the National Center for Education Statistics (NCES), within the Institute of Education Sciences (IES) of the U.S. Department of Education. HS&B:22 is following a nationally representative sample of ninth grade students from the start of high school in the fall of 2022 to the spring of 2026 when most will be in twelfth grade. The sample will be freshened in 2026 to create a nationally representative sample of twelfth-grade students. A high school transcript collection and additional follow-up data collections beyond high school are also planned.

A field test was conducted in fall 2019 and the first follow-up field test (F1FT) is planned for spring 2024 in preparation for the spring 2026 first follow-up full-scale study (F1FS). This submission is to request approval to conduct the HS&B:22 F1FT collection in the spring of 2024. OMB provided approval for F1FT sampling, tracking, and recruitment in March 2021 (OMB# 1850-0944 v.9).

Part A of this submission presents information on the basic design of HS&B:22. Part B discusses the statistical methods employed. Part C presents justification for the questionnaire content. Appendix A provides the communication materials to be used during state, school district, school, student, and parent F1FT recruitment and data collection activities. Appendix B provides the first follow-up field test data collection instruments.

Dated: August 29, 2024.

Stephanie Valentine,

PRA Coordinator, Strategic Collections and Clearance, Governance and Strategy Division, Office of Chief Data Officer, Office of Planning, Evaluation and Policy Development.

[FR Doc. 2024-19857 Filed 9-4-24; 8:45 am]

BILLING CODE 4000-01-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:

Filings Instituting Proceedings

Docket Numbers: RP24-1000-000.

Applicants: Cove Point LNG, LP.

Description: Compliance filing: Cove Point—2024 Revenue Crediting Report to be effective N/A.

Filed Date: 8/29/24.

Accession Number: 20240829-5026.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1001-000.

Applicants: Eastern Gas Transmission and Storage, Inc.

Description: 4(d) Rate Filing: EGTS—August 29, 2024 Negotiated Rate Agreements to be effective 10/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5031.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1002-000.

Applicants: Carolina Gas Transmission, LLC.

Description: Compliance filing: CGT—2024 Penalty Revenue Crediting Report to be effective N/A.

Filed Date: 8/29/24.

Accession Number: 20240829-5040.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1003-000.

Applicants: El Paso Natural Gas Company, L.L.C.

Description: 4(d) Rate Filing: Negotiated Rate Agreement Update (Conoco Sep 2024) to be effective 9/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5068.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1004-000.

Applicants: El Paso Natural Gas Company, L.L.C.

Description: 4(d) Rate Filing: Negotiated Rate Agreements Update (Hartree 614700 615843 610670 Sep 2024) to be effective 9/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5069.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1005-000.

Applicants: Columbia Gulf Transmission, LLC.

Description: Compliance filing: CGT Cashout Report 2024 to be effective N/A.

Filed Date: 8/29/24.

Accession Number: 20240829-5071.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1006-000.

Applicants: WBI Energy Transmission, Inc.

Description: 4(d) Rate Filing: 2024 Semi-Annual Fuel & Electric Power Reimbursement Adjustment to be effective 10/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5073.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1007-000.

Applicants: Texas Eastern Transmission, LP.

Description: 4(d) Rate Filing: Negotiated Rates—EAP K911572 eff 9-1-24 to be effective 9/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5092.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1008-000.

Applicants: Northwest Pipeline LLC.
Description: 4(d) Rate Filing: 2024 Winter Fuel Filing to be effective 10/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5096.

Comment Date: 5 p.m. ET 9/10/24.

Docket Numbers: RP24-1009-000.

Applicants: Alliance Pipeline L.P.
Description: 4(d) Rate Filing: Negotiated Rates—Various Sept 1 2024 Releases to be effective 9/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829-5113.

Comment Date: 5 p.m. ET 9/10/24.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

Filings in Existing Proceedings

Docket Numbers: PR24-68-001.

Applicants: TC Louisiana Intrastate Pipeline LLC.

Description: 284.123(g) Rate Filing: Revised Statement of Operating Conditions to be effective 5/1/2024.

Filed Date: 8/28/24.

Accession Number: 20240828-5163.

Comment Date: 5 p.m. ET 9/18/24.

Any person desiring to protest in any of the above proceedings must file in accordance with Rule 211 of the Commission's Regulations (18 CFR 385.211) on or before 5:00 p.m. Eastern time on the specified comment date.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

eFiling is encouraged. More detailed information relating to filing

requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502-6595 or *OPP@ferc.gov*.

Dated: August 29, 2024.

Debbie-Anne A. Reese,
Acting Secretary.

[FR Doc. 2024-19969 Filed 9-4-24; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. CP17-458-022 CP19-17-003]

Midship Pipeline Company, LLC; Notice of Request for Extension of Time

Take notice that on August 22, 2024, Midship Pipeline Company, LLC (Midship) requested that the Commission grant an extension of time, until December 31, 2028, to construct and place into service its Midcontinent Supply Header Interstate Pipeline Project (Project) located in Kingfisher, Canadian, Grady, Garvin, Stephens, Carter, Johnston, and Bryan Counties, Oklahoma, as authorized in the August 13, 2018 Order Issuing Certificate (Order).¹ The Order required Midship to complete construction of the Project and make it available for service within two years of the date of the Order, or by August 13, 2020.

On December 17, 2020, the Commission granted Midship an extension of time, until December 31, 2022, to complete construction of the Project and make it available for service.² The Commission has

subsequently granted one extension of time, making the current date for the Project facilities to be constructed and placed into service December 31, 2024.³

Midship states that, due to adverse economic and logistical conditions induced by the COVID-19 pandemic, commercial progress was slowed. Midship states that these unforeseen circumstances still preclude the project from reaching full commercialization, and that additional time is required to complete the installation and placing into service of three remaining compressor units.

This notice establishes a 15-calendar day intervention and comment period deadline. Any person wishing to comment on Midship's request for an extension of time may do so. No reply comments or answers will be considered. If you wish to obtain legal status by becoming a party to the proceedings for this request, you should, on or before the comment date stated below, file a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (NGA) (18 CFR 157.10).

As a matter of practice, the Commission itself generally acts on requests for extensions of time to complete construction for NGA facilities when such requests are contested before order issuance. For those extension requests that are contested,⁴ the Commission will aim to issue an order acting on the request within 45 days.⁵ The Commission will address all arguments relating to whether the applicant has demonstrated there is good cause to grant the extension.⁶ The Commission will not consider arguments that re-litigate the issuance of the certificate order, including whether the Commission properly found the project to be in the public convenience and necessity and whether the Commission's environmental analysis for the certificate complied with the National Environmental Policy Act (NEPA).⁷ At the time a pipeline requests an extension of time, orders on certificates of public convenience and

necessity are final and the Commission will not re-litigate their issuance.⁸ The Director of the Office of Energy Projects, or his or her designee, will act on all of those extension requests that are uncontested.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://www.ferc.gov>). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading.

To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

The Commission strongly encourages electronic filings of comments in lieu of paper using the "eFile" link at <http://www.ferc.gov>. In lieu of electronic filing, you may submit a paper copy which must reference the Project docket number.

To file via USPS: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other courier: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502-6595 or *OPP@ferc.gov*.

⁸ *Algonquin Gas Transmission, LLC*, 170 FERC ¶ 61,144, at P 40 (2020).

³ *Midship Pipeline Company, LLC*, 182 FERC ¶ 61,031 (2023).

⁴ Contested proceedings are those where an intervenor disputes any material issue of the filing. 18 CFR 385.2201(c)(1).

⁵ *Algonquin Gas Transmission, LLC*, 170 FERC ¶ 61,144, at P 40 (2020).

⁶ *Id.* at P 40.

⁷ Similarly, the Commission will not re-litigate the issuance of an NGA section 3 authorization, including whether a proposed project is not inconsistent with the public interest and whether the Commission's environmental analysis for the permit order complied with NEPA.

¹ See *Midship Pipeline Company, LLC*, 164 FERC ¶ 61,103 (2018), order amending certificate, *Midship Pipeline Company, LLC*, 166 FERC ¶ 62,039 (2019); *Midship Pipeline Company, LLC*, 168 FERC ¶ 61,147 (2019); *Midship Pipeline Company, LLC*, 170 FERC ¶ 61,137 (2020).

² *Midship Pipeline Company, LLC*, 173 FERC ¶ 61,255 (2020).

Comment Date: 5:00 p.m. Eastern Time on September 12, 2024.

Dated: August 28, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19887 Filed 9–4–24; 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:

Filings Instituting Proceedings

Docket Numbers: RP24–993–000.

Applicants: Equitrans, L.P.

Description: Compliance filing: Big Dog Energy Suspension and Termination Request to be effective N/A.

Filed Date: 8/27/24.

Accession Number: 20240827–5163.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–994–000.

Applicants: Midcontinent Express Pipeline LLC.

Description: § 4(d) Rate Filing: MEP Negotiated Rate Agreement Amendment Filing (Trafigura & Mercuria) to be effective 9/1/2024.

Filed Date: 8/27/24.

Accession Number: 20240827–5174.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–995–000.

Applicants: Texas Eastern Transmission, LP.

Description: § 4(d) Rate Filing: Negotiated Rates—CNX contract 911219 to be effective 9/1/2024.

Filed Date: 8/27/24.

Accession Number: 20240827–5191.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–996–000.

Applicants: Natural Gas Pipeline Company of America LLC.

Description: § 4(d) Rate Filing: Amendment to a Negotiated Rate Agreement Filing—Sabine Pass Liquefaction, LLC to be effective 9/1/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5000.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–997–000.

Applicants: Panhandle Eastern Pipe Line Company, LP.

Description: § 4(d) Rate Filing: Off-System Capacity Tariff Provision to be effective 9/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5028.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–998–000.

Applicants: Columbia Gas Transmission, LLC.

Description: § 4(d) Rate Filing: VEP—CGV NR Amendment 255792–2 to be effective 9/1/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5032.

Comment Date: 5 p.m. ET 9/9/24.

Docket Numbers: RP24–999–000.

Applicants: El Paso Natural Gas Company, L.L.C.

Description: § 4(d) Rate Filing: Negotiated Rate Agreements Update (Pioneer Oct–Dec 2024) to be effective 10/1/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5048.

Comment Date: 5 p.m. ET 9/9/24.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

The filings are accessible in the Commission's eLibrary system (https://elibrary.ferc.gov/idmws/search/fercgens_earch.asp) by querying the docket number.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502–6595 or OPP@ferc.gov.

Dated: August 28, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19886 Filed 9–4–24; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2853–000]

Montana Department of Natural Resources and Conservation; Notice of Authorization for Continued Project Operation

The license for the Broadwater Hydroelectric Project No. 2853 was issued for a period ending July 1, 2024.

Section 15(a)(1) of the FPA, 16 U.S.C. 808(a)(1), requires the Commission, at the expiration of a license term, to issue from year-to-year an annual license to the then licensee(s) under the terms and conditions of the prior license until a new license is issued, or the project is otherwise disposed of as provided in section 15 or any other applicable section of the FPA. If the project's prior license waived the applicability of section 15 of the FPA, then, based on section 9(b) of the Administrative Procedure Act, 5 U.S.C. 558(c), and as set forth at 18 CFR 16.21(a), if the licensee of such project has filed an application for a subsequent license, the licensee may continue to operate the project in accordance with the terms and conditions of the license after the minor or minor part license expires, until the Commission acts on its application. If the licensee of such a project has not filed an application for a subsequent license, then it may be required, pursuant to 18 CFR 16.21(b), to continue project operations until the Commission issues someone else a license for the project or otherwise orders disposition of the project.

If the project is subject to section 15 of the FPA, notice is hereby given that an annual license for Project No. 2853 is issued to Montana Department of Natural Resources and Conservation for a period effective July 2, 2024, through July 1, 2025, or until the issuance of a new license for the project or other disposition under the FPA, whichever comes first.

If issuance of a new license (or other disposition) does not take place on or before July 1, 2025, notice is hereby given that, pursuant to 18 CFR 16.18(c), an annual license under section 15(a)(1) of the FPA is renewed automatically without further order or notice by the Commission, unless the Commission orders otherwise.

If the project is not subject to section 15 of the FPA, notice is hereby given that Montana Department of Natural Resources and Conservation is authorized to continue operation of the Broadwater Hydroelectric Project under

the terms and conditions of the prior license until the issuance of a subsequent license for the project or other disposition under the FPA, whichever comes first.

Dated: August 29, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19973 Filed 9–4–24; 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: EG24–265–000.

Applicants: Clearview Solar I, LLC.

Description: Clearview Solar I, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 8/29/24.

Accession Number: 20240829–5050.

Comment Date: 5 p.m. ET 9/19/24.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER23–2979–004.

Applicants: CPV Maple Hill Solar, LLC.

Description: Compliance filing: Informational Filing Regarding Planned Transfer to be effective N/A.

Filed Date: 8/29/24.

Accession Number: 20240829–5213.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2906–000.

Applicants: Southwest Power Pool, Inc.

Description: 205(d) Rate Filing: Revisions to Incorporate a Mark-to-Auction Collateral Requirement for TCR Market to be effective 5/1/2025.

Filed Date: 8/28/24.

Accession Number: 20240828–5162.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2907–000.

Applicants: Mid-Atlantic Interstate Transmission, LLC, PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: Mid-Atlantic Interstate Transmission, LLC submits tariff filing per 35.13(a)(2)(iii): MAIT submits Amended IA, SA No. 4578 to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5028.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2908–000.

Applicants: American Electric Power Service Corporation, PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: American Electric Power Service Corporation submits tariff filing per 35.13(a)(2)(iii): AEPSC submits I&M and NIPSCO CIAC SA No. 7262 to be effective 8/21/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5039.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2909–000.

Applicants: PJM Interconnection, L.L.C.

Description: Tariff Amendment: Notice of Cancellation of WMPA, SA No. 6020; Queue No. AG1–141 to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5051.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2910–000.

Applicants: PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: Amendment to ISA, Service Agreement No. 3349; U2–073/Z2–013/AB2–038 to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5056.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2911–000.

Applicants: Entergy Louisiana, LLC.

Description: 205(d) Rate Filing: ELL Amite LBA Agreement to be effective 8/31/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5058.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2912–000.

Applicants: Bluegrass Solar, LLC.

Description: Compliance filing: Informational Filing Pursuant to Schedule 2 of the PJM Interconnection to be effective N/A.

Filed Date: 8/29/24.

Accession Number: 20240829–5061.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2913–000.

Applicants: Midcontinent Independent System Operator, Inc. *Description:* 205(d) Rate Filing: 2024–08–29 SA 4344 NSP-Northern Prairie Solar II GIA (J1657) to be effective 8/19/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5064.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2914–000.

Applicants: Midcontinent Independent System Operator, Inc. *Description:* 205(d) Rate Filing: 2024–08–29 SA 4345 DPC-ibV Energy GIA (J1808) to be effective 8/20/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5065.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2915–000.

Applicants: American Transmission Systems, Incorporated, PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: American Transmission Systems, Incorporated submits tariff filing per 35.13(a)(2)(iii): ATSI submits One Construction Services Agreement, SA No. 6940 to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5091.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2916–000.

Applicants: PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: Original GIA Service Agreement No. 7338, AG1–223 to be effective 7/30/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5104.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2917–000.

Applicants: California Independent System Operator Corporation.

Description: 205(d) Rate Filing: 2024–08–29 WEIM Implementation Agreement—Black Hills to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5145.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2918–000.

Applicants: Midcontinent Independent System Operator, Inc., Montana-Dakota Utilities Co.

Description: 205(d) Rate Filing: Midcontinent Independent System Operator, Inc. submits tariff filing per 35.13(a)(2)(iii): 2024–08–29 SA 4329 4330 MDU-Bowman Wind MPFP FCA & FSA to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5150.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2919–000.

Applicants: Mid-Atlantic Interstate Transmission, LLC, PJM Interconnection, L.L.C.

Description: 205(d) Rate Filing: Mid-Atlantic Interstate Transmission, LLC submits tariff filing per 35.13(a)(2)(iii): MAIT submits One Construction Agreement, SA No. 7219 to be effective 10/29/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5157.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2920–000.

Applicants: Clearview Solar I, LLC. *Description:* Baseline eTariff Filing: Application for MBR Authorization to be effective 10/1/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5171.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2921–000.

Applicants: Boswell Wind, LLC. *Description:* Baseline eTariff Filing: Baseline new to be effective 8/30/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5173.

Comment Date: 5 p.m. ET 9/19/24.

Docket Numbers: ER24–2922–000.

Applicants: Last Mile Transmission, LLC.

Description: Baseline eTariff Filing: Baseline new to be effective 8/30/2024.

Filed Date: 8/29/24.

Accession Number: 20240829–5212.

Comment Date: 5 p.m. ET 9/19/24.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502–6595 or OPP@ferc.gov.

Dated: August 29, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19968 Filed 9–4–24; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. EF24–9–000]

Western Area Power Administration; Notice of Filing

Take notice that on August 26, 2024, Western Area Power Administration

submitted a tariff filing per 301.1: DSW_BCP_FY2025BaseCharge-20240825 to be effective 10/1/2024.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically may mail similar pleadings to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426. Hand delivered submissions in docketed proceedings should be delivered to Health and Human Services, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502–6595 or OPP@ferc.gov.

Comment Date: 5:00 p.m. Eastern Time on September 25, 2024.

Dated: August 29, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19970 Filed 9–4–24; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP24–494–000]

Black Bayou Gas Storage, LLC; Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Black Bayou Gas Storage Project, and Notice of Public Scoping Session

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental document, that will discuss the environmental impacts of the Black Bayou Gas Storage Project involving construction and operation of facilities by Black Bayou Gas Storage, LLC (Black Bayou) in Cameron and Calcasieu Parishes, Louisiana. The Commission will use this environmental document in its decision-making process to determine whether the project is in the public convenience and necessity.

This notice announces the opening of the scoping process the Commission will use to gather input from the public and interested agencies regarding the project. As part of the National Environmental Policy Act (NEPA) review process, the Commission takes into account concerns the public may have about proposals and the environmental impacts that could result from its action whenever it considers the issuance of a Certificate of Public Convenience and Necessity. This gathering of public input is referred to as "scoping." The main goal of the scoping process is to focus the analysis in the environmental document on the important environmental issues. Additional information about the Commission's NEPA process is described below in the *NEPA Process and Environmental Document* section of this notice.

By this notice, the Commission requests public comments on the scope of issues to address in the environmental document. To ensure that your comments are timely and properly recorded, please submit your comments so that the Commission receives them in Washington, DC on or before 5:00pm Eastern Time on September 27, 2024. Comments may be submitted in written or oral form. Further details on how to submit comments are provided in the *Public Participation* section of this notice.

Your comments should focus on the potential environmental effects, reasonable alternatives, and measures to avoid or lessen environmental impacts.

Your input will help the Commission staff determine what issues they need to evaluate in the environmental document. Commission staff will consider all written or oral comments during the preparation of the environmental document.

If you submitted comments on this project to the Commission before the opening of this docket on July 17, 2024, you will need to file those comments in Docket No. CP24–494–000 to ensure they are considered as part of this proceeding.

This notice is being sent to the Commission's current environmental mailing list for this project. State and local government representatives should notify their constituents of this proposed project and encourage them to comment on their areas of concern.

If you are a landowner receiving this notice, a pipeline company representative may contact you about the acquisition of an easement to construct, operate, and maintain the proposed facilities. The company would seek to negotiate a mutually acceptable easement agreement. You are not required to enter into an agreement. However, if the Commission approves the project, the Natural Gas Act conveys the right of eminent domain to the company. Therefore, if you and the company do not reach an easement agreement, the pipeline company could initiate condemnation proceedings in court. In such instances, compensation

would be determined by a judge in accordance with state law. The Commission does not subsequently grant, exercise, or oversee the exercise of that eminent domain authority. The courts have exclusive authority to handle eminent domain cases; the Commission has no jurisdiction over these matters.

Black Bayou provided landowners with a fact sheet prepared by the FERC entitled "An Interstate Natural Gas Facility On My Land? What Do I Need To Know?" which addresses typically asked questions, including the use of eminent domain and how to participate in the Commission's proceedings. This fact sheet along with other landowner topics of interest are available for viewing on the FERC website (www.ferc.gov) under the Natural Gas, Landowner Topics link.

Public Participation

There are four methods you can use to submit your comments to the Commission. Please carefully follow these instructions so that your comments are properly recorded. The Commission encourages electronic filing of comments and has staff available to assist you at (866) 208–3676 or FercOnlineSupport@ferc.gov.

(1) You can file your comments electronically using the eComment feature, which is located on the Commission's website (www.ferc.gov) under the link to FERC Online. Using

eComment is an easy method for submitting brief, text-only comments on a project;

(2) You can file your comments electronically by using the eFiling feature, which is also located on the Commission's website (www.ferc.gov) under the link to FERC Online. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on "eRegister." You will be asked to select the type of filing you are making; a comment on a particular project is considered a "Comment on a Filing;"

(3) You can file a paper copy of your comments by mailing them to the Commission. Be sure to reference the project docket number (CP24–494–000) on your letter. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852; or

(4) In lieu of sending written comments, the Commission invites you to attend the public scoping session its staff will conduct in the project area, scheduled as follows:

Date and time	Location
Wednesday, September 25, 2024, 4:30–7:30 pm (Central Standard Time).	Ward 7 Community Center, 1615 Horridge Street, Vinton, Louisiana 70668, (337) 589–5181.

The primary goal of the scoping session is to have you identify the specific environmental issues and concerns that should be considered in the environmental document. Individual oral comments will be taken on a one-on-one basis with a court reporter. This format is designed to receive the maximum amount of oral comments in a convenient way during the timeframe allotted.

The scoping session is scheduled from 4:30 p.m. to 7:30 p.m. Central Standard Time. You may arrive at any time after 4:30 p.m. There will not be a formal presentation by Commission staff when the session opens. If you wish to speak, the Commission staff will hand out numbers in the order of your arrival. Comments will be taken until 7:30 p.m. However, if no additional numbers have been handed out and all individuals

who wish to provide comments have had an opportunity to do so, staff may conclude the session at 6:30 p.m. Please see appendix 1 for additional information on the session format and conduct.¹

Your oral comments will be recorded by a court reporter (with FERC staff or representative present) and become part of the public record for this proceeding. Transcripts will be publicly available on FERC's eLibrary system (see the last page of this notice for instructions on using eLibrary). If a significant number

¹ The appendices referenced in this notice will not appear in the **Federal Register**. Copies of the appendices were sent to all those receiving this notice in the mail and are available at www.ferc.gov using the link called "eLibrary". For instructions on connecting to eLibrary, refer to the last page of this notice. For assistance, contact FERC at FercOnlineSupport@ferc.gov or call toll free, (866) 208–3676 or TTY (202) 502–8659.

of people are interested in providing oral comments in the one-on-one settings, a time limit of 5 minutes may be implemented for each commentor. Although there will not be a formal presentation, Commission staff will be available throughout the scoping session to answer your questions about the environmental review process. Representatives from Black Bayou will also be present to answer project-specific questions.

It is important to note that the Commission provides equal consideration to all comments received, whether filed in written form or provided orally at a scoping session.

Additionally, the Commission offers a free service called eSubscription which makes it easy to stay informed of all issuances and submittals regarding the dockets/projects to which you

subscribe. These instant email notifications are the fastest way to receive notification and provide a link to the document files which can reduce the amount of time you spend researching proceedings. Go to <https://www.ferc.gov/ferc-online/overview> to register for eSubscription.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502-6595 or OPP@ferc.gov.

Summary of the Proposed Project

Black Bayou proposes to construct and operate an underground natural gas storage facility consisting of four caverns with a working capacity of about 34.7 billion cubic feet (Bcf) in Cameron Parish, Louisiana. The Black Bayou Gas Storage Project would provide up to 1.6 Bcf of peak daily natural gas injection capability, and up to 2.0 Bcf of peak daily natural gas deliverability. According to Black Bayou, its project would provide highly flexible natural gas storage, wheeling and balancing services, with an ability to cycle between injection and withdrawal services on short notice.

The Black Bayou Gas Storage Project would consist of the following facilities:

- four underground salt dome natural gas storage caverns;
- a Central Operations Site inside the natural gas storage area, to include:
 - a 44,000 horsepower compressor station;
 - a brine leaching plant;
 - a non-jurisdictional electrical supply facility;
- nine freshwater wells;
- nine saltwater disposal wells located on 3 pads;
- associated piping and valve settings and;
- two 27.1-mile-long, 24-inch-diameter, looped bi-directional header pipelines in Cameron and Calcasieu Parishes, Louisiana;²
- metering and regulation stations;
- mainline valve sites; and
- permanent and temporary access roads.

The general location of the project facilities is shown in appendix 2.

² A pipeline loop is a segment of pipe constructed parallel to an existing pipeline to increase capacity.

Land Requirements for Construction

Construction of the proposed facilities would disturb about 670 acres of land for the aboveground facilities and the loop pipelines. Following construction, Black Bayou would maintain about 288 acres for permanent operation of the project's facilities; Black Bayou would restore the remaining acreage and allow it to revert to former uses. About 89 percent of the proposed pipeline route parallels existing pipeline, utility, or road rights-of-way.

NEPA Process and the Environmental Document

Any environmental document issued by the Commission will discuss impacts that could occur as a result of the construction and operation of the proposed project under the relevant general resource areas:

- geology and soils;
- water resources and wetlands;
- vegetation and wildlife;
- threatened and endangered species;
- cultural resources;
- land use;
- socioeconomic;
- environmental justice;
- air quality and noise; and
- reliability and safety.

Commission staff will also evaluate reasonable alternatives to the proposed project or portions of the project and make recommendations on how to lessen or avoid impacts on the various resource areas. Your comments will help Commission staff identify and focus on the issues that might have an effect on the human environment and potentially eliminate others from further study and discussion in the environmental document.

Following this scoping period, Commission staff will determine whether to prepare an Environmental Assessment (EA) or an Environmental Impact Statement (EIS). The EA or the EIS will present Commission staff's independent analysis of the issues. If Commission staff prepares an EA, a *Notice of Schedule for the Preparation of an Environmental Assessment* will be issued. The EA may be issued for an allotted public comment period. The Commission would consider timely comments on the EA before making its decision regarding the proposed project. If Commission staff prepares an EIS, a *Notice of Intent to Prepare an EIS/Notice of Schedule* will be issued, which will open an additional comment period. Staff will then prepare a draft EIS which will be issued for public comment. Commission staff will consider all timely comments received during the comment period on the draft

EIS and revise the document, as necessary, before issuing a final EIS. Any EA or draft and final EIS will be available in electronic format in the public record through eLibrary³ and the Commission's natural gas environmental documents web page (<https://www.ferc.gov/industries-data/natural-gas/environmental-environmental-documents>). If eSubscribed, you will receive instant email notification when the environmental document is issued.

With this notice, the Commission is asking agencies with jurisdiction by law and/or special expertise with respect to the environmental issues of this project to formally cooperate in the preparation of the environmental document.⁴ Agencies that would like to request cooperating agency status should follow the instructions for filing comments provided under the *Public Participation* section of this notice.

Consultation Under Section 106 of the National Historic Preservation Act

In accordance with the Advisory Council on Historic Preservation's implementing regulations for section 106 of the National Historic Preservation Act, the Commission is using this notice to initiate consultation with the applicable State Historic Preservation Office(s), and to solicit their views and those of other government agencies, interested Indian tribes, and the public on the project's potential effects on historic properties.⁵ The environmental document for this project will document findings on the impacts on historic properties and summarize the status of consultations under section 106.

Environmental Mailing List

The environmental mailing list includes federal, state, and local government representatives and agencies; elected officials; environmental and public interest groups; Native American Tribes; other interested parties; and local libraries and newspapers. This list also includes all affected landowners (as defined in the Commission's regulations) who are potential right-of-way grantors, whose

³ For instructions on connecting to eLibrary, refer to the last page of this notice.

⁴ The Council on Environmental Quality regulations addressing cooperating agency responsibilities are at Title 40, Code of Federal Regulations, Section 1501.8.

⁵ The Advisory Council on Historic Preservation's regulations are at Title 36, Code of Federal Regulations, Part 800. Those regulations define historic properties as any prehistoric or historic district, site, building, structure, or object included in or eligible for inclusion in the National Register of Historic Places.

property may be used temporarily for project purposes, or who own homes within certain distances of aboveground facilities, and anyone who submits comments on the project and includes a mailing address with their comments. Commission staff will update the environmental mailing list as the analysis proceeds to ensure that Commission notices related to this environmental review are sent to all individuals, organizations, and government entities interested in and/or potentially affected by the proposed project.

If you need to make changes to your name/address, or if you would like to remove your name from the mailing list, please complete one of the following steps:

(1) Send an email to GasProjectAddressChange@ferc.gov stating your request. You must include the docket number CP24-494-000 in your request. If you are requesting a change to your address, please be sure to include your name and the correct address. If you are requesting to delete your address from the mailing list, please include your name and address as it appeared on this notice. This email address is unable to accept comments.

OR

(2) Return the attached "Mailing List Update Form" (appendix 3).

Additional Information

Additional information about the project is available from the Commission's Office of External Affairs, at (866) 208-FERC, or on the FERC website at www.ferc.gov using the eLibrary link. Click on the eLibrary link, click on "General Search" and enter the docket number in the "Docket Number" field. Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FercOnlineSupport@ferc.gov or (866) 208-3676, or for TTY, contact (202) 502-8659. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

Public sessions or site visits will be posted on the Commission's calendar located at <https://www.ferc.gov/news-events/events> along with other related information.

Dated: August 28, 2024.

Debbie-Anne A. Reese,
Acting Secretary.

[FR Doc. 2024-19889 Filed 9-4-24; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 1971-135]

Idaho Power Company; Notice of Availability of Environmental Assessment

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's (Commission or FERC) regulations, 18 CFR part 380, Commission staff reviewed Idaho Power Company's application for a non-capacity amendment of license of the Hells Canyon Project No. 1971 and have prepared an Environmental Assessment (EA) for the proposed amendment at the Oxbow Development of the project. The licensee proposes to perform maintenance of the generating units, extend the existing erection deck, and provide an area of additional parking. The Hells Canyon Project is located on the Snake River in Adams and Washington counties, Idaho, and in Baker, Wallowa, and Malheur counties, Oregon. Federal lands administered by the U.S. Forest Service and the Bureau of Land Management (Payette and Wallowa-Whitman National Forests and Hells Canyon National Recreational Area) are included within the project boundary.

The EA contains Commission staff's analysis of the potential environmental effects of the proposed maintenance of the generating units and associated activities at the Oxbow Development, alternatives to the proposed action, and concludes that the proposed amendment, with appropriate environmental protective measures, would not constitute a major federal action that would significantly affect the quality of the human environment.

The EA may be viewed on the Commission's website at <http://www.ferc.gov> using the "eLibrary" link. Enter the docket number (P-1971) in the docket number field to access the document. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at 1-866-208-3676, or for TTY, (202) 502-8659.

You may also register online at <http://www.ferc.gov/docs-filing/esubscription.asp> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in

Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502-6595 or OPP@ferc.gov.

For further information, contact Jeremy Jessup at 202-502-6779 or Jeremy.Jessup@ferc.gov.

Dated: August 29, 2024.

Debbie-Anne A. Reese,
Acting Secretary.

[FR Doc. 2024-19971 Filed 9-4-24; 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: EG24-263-000.

Applicants: Mordor ES1 LLC.

Description: Mordor ES1 LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 8/28/24.

Accession Number: 20240828-5114.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: EG24-264-000.

Applicants: Mordor ES2 LLC.

Description: Mordor ES2 LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 8/28/24.

Accession Number: 20240828-5115.

Comment Date: 5 p.m. ET 9/18/24.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER10-1391-003.

Applicants: San Diego Gas & Electric Company.

Description: Compliance filing: San Diego Gas & Electric submits tariff filing per 35: SDG&E WDAT Update Volume 6 Filing to be effective 8/15/2024.

Filed Date: 8/28/24.

Accession Number: 20240828-5101.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER23-2836-003.

Applicants: Basin Electric Power Cooperative, Southwest Power Pool, Inc.

Description: Compliance filing: Basin Electric Power Cooperative submits tariff filing per 35: Settlement Compliance Filing of Basin in Response

to August 2 Order to be effective 11/14/2023.

Filed Date: 8/28/24.

Accession Number: 20240828–5128.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–1403–002.

Applicants: Arizona Public Service Company.

Description: Tariff Amendment: Response to Second Deficiency—MBR Tariff Revisions to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5113.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2643–001.

Applicants: Arizona Public Service Company.

Description: Tariff Amendment: Rate Schedule No. 217, Exhibit B–BKE.LIB to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5072.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2884–000.

Applicants: WestRock CP, LLC.

Description: Notice of Cancellation of Market Based Rate Tariff of WestRock CP, LLC.

Filed Date: 8/26/24.

Accession Number: 20240826–5177.

Comment Date: 5 p.m. ET 9/16/24.

Docket Numbers: ER24–2885–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Partial Deployment of Synchronized Reserves Proposal to be effective 8/6/2024.

Filed Date: 8/27/24.

Accession Number: 20240827–5201.

Comment Date: 5 p.m. ET 9/17/24.

Docket Numbers: ER24–2886–000.

Applicants: Central Hudson Gas & Electric Corporation.

Description: § 205(d) Rate Filing: Revision to FERC Rate Schedule 206 to be effective 8/1/2024.

Filed Date: 8/27/24.

Accession Number: 20240827–5207.

Comment Date: 5 p.m. ET 9/17/24.

Docket Numbers: ER24–2887–000.

Applicants: Dominion Energy South Carolina, Inc.

Description: Tariff Amendment: Termination of GA Power Co Affected System Agr to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5016.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2888–000.

Applicants: Atlantic City Electric Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Atlantic City Electric Company submits tariff filing per 35.13(a)(2)(iii): ACE submits Revisions to OATT Attachment H–1 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5033.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2889–000.

Applicants: Baltimore Gas and Electric Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Baltimore Gas and Electric Company submits tariff filing per 35.13(a)(2)(iii): BGE submits Revisions to OATT Attachment H–2 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5034.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2890–000.

Applicants: Commonwealth Edison Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Commonwealth Edison Company submits tariff filing per 35.13(a)(2)(iii): ComEd submits revisions to OATT Attachment H–13 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5035.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2891–000.

Applicants: Delmarva Power & Light Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Delmarva Power & Light Company submits tariff filing per 35.13(a)(2)(iii): Delmarva submits revisions to OATT Attachment H–3 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5036.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2893–000.

Applicants: PECO Energy Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: PECO Energy Company submits tariff filing per 35.13(a)(2)(iii): PECO submits revisions to OATT Attachment H–7 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5038.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2894–000.

Applicants: Potomac Electric Power Company, PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Potomac Electric Power Company submits tariff filing per 35.13(a)(2)(iii): Pepco submits revisions to OATT Attachment H–9 to be effective 12/2/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5041.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2895–000.

Applicants: Arizona Public Service Company.

Description: § 205(d) Rate Filing: Rate Schedule No. 217, Exhibit B Revisions to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5068.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2896–000.

Applicants: ALLETE, Inc.

Description: Initial rate filing: CMA for the Northland Reliability Project to be effective 8/29/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5073.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2897–000.

Applicants: Mordor ES1 LLC.

Description: § 205(d) Rate Filing: Application for Market Based Rate Authority to be effective 8/29/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5089.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2898–000.

Applicants: Mordor ES2 LLC.

Description: § 205(d) Rate Filing: Application for Market Based Rate Authority to be effective 8/29/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5090.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2899–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Original Service Agreement GIA No. 7337, AF2–238 to be effective 7/29/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5102.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2900–000.

Applicants: Midcontinent Independent System Operator, Inc.

Description: § 205(d) Rate Filing: 2024–08–28_SA 4126 METC–Wolverine–MPPA–Eagle Creek Solar Park GIA (J1389) to be effective 8/14/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5116.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2901–000.

Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.

Description: Tariff Amendment: Alabama Power Company submits tariff filing per 35.15: Oris Holdings USA Subco (O'Hara I Storage) LGIA Termination Filing to be effective 8/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5120.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2902–000.

Applicants: NorthWestern Corporation.

Description: Tariff Amendment: Cancellation of SA 243 16th Rev—NITSA with CHS Inc. to be effective 5/13/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5125.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2903–000.

Applicants: PJM Interconnection, L.L.C.

Description: Tariff Amendment: Notice of Cancellation—WMPA, Service Agreement No. 7234; AF1–112 to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5129.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2904–000.

Applicants: Duke Energy Florida, LLC.

Description: Tariff Amendment: DEF–TEA Cancellation of SA No. 140 to be effective 10/31/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5130.

Comment Date: 5 p.m. ET 9/18/24.

Docket Numbers: ER24–2905–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Revisions to the Schedule Selection Process for Offer Capped Resources to be effective 10/28/2024.

Filed Date: 8/28/24.

Accession Number: 20240828–5151.

Comment Date: 5 p.m. ET 9/18/24.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for

rehearing, the public is encouraged to contact OPP at (202) 502–6595 or OPP@ferc.gov.

Dated: August 28, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–19885 Filed 9–4–24; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OA–2024–0099, FRL–12230–01–OA]

Notice of Meeting of the EPA Children's Health Protection Advisory Committee (CHPAC)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of meeting.

SUMMARY: Pursuant to the provisions of the Federal Advisory Committee Act, notice is hereby given that the next meeting of the Children's Health Protection Advisory Committee (CHPAC) will be held virtually and in-person on October 30–31, 2024 at the U.S. Environmental Protection Agency (EPA) Headquarters located at 1200 Pennsylvania Avenue NW, Washington, DC 20460. The CHPAC advises the EPA on science, regulations and other issues relating to children's environmental health.

DATES: Meeting dates are October 30, 2024, from 10 a.m. to 5 p.m. and October 31, 2024, from 10 a.m. to 3:30 p.m. (ET).

ADDRESSES: *Virtual Public Meeting:* You must register online to receive the webcast meeting link and audio teleconference information. Please follow the registration instructions that will be announced on the CHPAC website at: <https://www.epa.gov/children/chpac> by October 15, 2024. *Written Comments:* Submit written comments, identified by docket identification (ID) number EPA–HQ–OA–2024–0099, through the Federal eRulemaking Portal at <https://www.regulations.gov>. Follow the online instructions for submitting comments. Comments should be submitted on or before October 15, 2024. Anyone submitting written comments after this date should contact Amelia Nguyen, listed under **FOR FURTHER INFORMATION CONTACT**. Do not electronically submit any information you consider to be Confidential Business Information (CBI; broadly defined as proprietary information, considered confidential to the submitter, the release of which

would cause substantial business injury to the owner) or other information whose disclosure is restricted by statute. Additional information on commenting or visiting the docket, along with more information about dockets generally, is available at <https://www.epa.gov/dockets>. *Special accommodations:* For information on access or services for individuals with disabilities, and to request accommodation for a disability, please contact Amelia Nguyen, listed under **FOR FURTHER INFORMATION CONTACT**.

FOR FURTHER INFORMATION CONTACT:

Amelia Nguyen, Office of Children's Health Protection, U.S. EPA, MC 1107T, 1200 Pennsylvania Avenue NW, Washington, DC 20460, (202) 564–4268, or nguyen.amelia@epa.gov.

SUPPLEMENTARY INFORMATION: The meetings of the CHPAC are open to the public. An agenda will be posted to <https://www.epa.gov/children/chpac>.

Amelia Nguyen,

Biologist, Office of Children's Health Protection.

[FR Doc. 2024–19869 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OAR–2024–0334; FRL–12192–01–OAR]

Proposed Information Collection Request; Comment Request; Acid Rain Program Under Title IV of the Clean Air Act Amendments (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), “Acid Rain Program under title IV of the Clean Air Act Amendments (Renewal)” (EPA ICR No. 1633.19, OMB Control No. 2060–0258) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through May 31, 2025. An Agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before November 4, 2024.

ADDRESSES: Submit your comments, referencing Docket ID No. EPA-HQ-OAR-2024-0334, online using www.regulations.gov (our preferred method), by email to a-and-r-Docket@epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT:

Morgan Riedel at (202) 564-1144, or riedel.morgan@epa.gov.

SUPPLEMENTARY INFORMATION:

Supporting documents which explain in detail the information that the EPA will be collecting are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) 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; (ii) 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; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) 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. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: The Acid Rain Program was established under Title IV of the 1990 Clean Air Act Amendments to address acid deposition by reducing emissions of sulfur dioxide (SO₂) and nitrogen oxides (NO_x). This information collection extension is necessary to continue implementation of the Acid Rain Program. It includes burden and costs associated with developing and modifying permits, complying with NO_x permitting requirements, monitoring emissions, transferring allowances, participating in the annual allowance auctions, and participating in the program as an opt-in source.

Form numbers: Agent Notice of Delegation #5900-172, Certificate of Representation #7610-1, General Account Form #7610-5, Allowance Transfer Form #7610-6, Retired Unit Exemption #7610-20, Allowance Deduction #7620-4, Acid Rain Permit Application #7610-16, Acid Rain NO_x Compliance Plan #7610-28, Acid Rain NO_x Averaging Plan #7610-29, New Unit Exemption #7610-19, Opt-In Permit Application #7610-26, Opt-In Utilization Report #7620-9.

Respondents/affected entities: Electricity generating plants, industrial sources, and other persons.

Respondents' obligation to respond: Voluntary and mandatory (Clean Air Act sections 403, 407, 408, 410, 412, and 416).

Estimated number of respondents: 1,195 (total); includes 1,127 sources and 68 non-source entities participating in allowance trading activities.

Frequency of response: On occasion, quarterly, and annually.

Total estimated burden: 1,760,519 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$286,211,330 (per year); includes \$123,208,182 annualized capital or operation & maintenance costs.

Changes in estimates: There is a decrease of 65,614 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. The decrease is principally due to the switching to less burdensome monitoring methodologies for some affected sources and the number of retired sources. The other factors contributing to the decrease in burden are reductions in the estimated numbers of allowance transfers and auction bids submitted.

Rona Birnbaum,

Director, Clean Air and Power Division, Office of Atmospheric Protection, Office of Air and Radiation.

[FR Doc. 2024-19936 Filed 9-4-24; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OAR-2024-0336; FRL-12193-01-OAR]

Proposed Information Collection Request; Comment Request; Cross-State Air Pollution Rule and Texas SO₂ Trading Programs (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), "Cross-State Air Pollution Rule and Texas SO₂ Trading Programs (40 CFR part 97, subparts AAAAAA-GGGGG) (Renewal)" (EPA ICR No. 2391.06, OMB Control No. 2060-0667) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act (PRA) (44 U.S.C. 3501 *et seq.*). Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through March 31, 2025. An Agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before November 4, 2024.

ADDRESSES: Submit your comments, referencing Docket ID No. EPA-HQ-OAR-2024-0336, online using www.regulations.gov (our preferred method), by email to a-and-r-Docket@epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT:

Morgan Riedel at (202) 564-1144 or riedel.morgan@epa.gov.

SUPPLEMENTARY INFORMATION:

Supporting documents which explain in detail the information that EPA will be collecting are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center,

WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202–566–1744. For additional information about EPA’s public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) 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; (ii) 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; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) 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. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: EPA is renewing an ICR for the Cross-State Air Pollution Rule (CSAPR) trading programs to allow for continued implementation of the programs. The information collection requirements under six CSAPR trading programs and the Texas SO₂ Trading Program are reflected in the existing ICR as most recently revised in 2021. Most affected sources under the CSAPR and Texas SO₂ trading programs are also subject to the Acid Rain Program (ARP). The information collection requirements under the CSAPR and Texas SO₂ trading programs, which consist primarily of requirements to monitor and report emissions data in accordance with 40 CFR part 75, substantially overlap and are fully integrated with ARP information collection requirements. The burden and costs of overlapping requirements are accounted for in the ARP ICR (OMB Control Number 2060–0258). This ICR accounts for information collection burden and costs under the CSAPR and Texas SO₂ trading programs that are incremental to the burden and costs already accounted for in the ARP ICR. All data received by EPA will be treated as public information.

Form Numbers: Agent Notice of Delegation #5900–172, Certificate of Representation #7610–1, General Account Form #7610–5, Allowance Transfer Form #7610–6, Retired Unit Exemption #7610–20, Allowance Deduction #7620–4.

Respondents/affected entities: Industry respondents are stationary, fossil fuel-fired boilers and combustion turbines serving electricity generators subject to the CSAPR and Texas SO₂ trading programs, as well as non-source entities voluntarily participating in allowance trading activities. Potential state respondents are states that can elect to submit state-determined allowance allocations for sources located in their states.

Respondents’ obligation to respond: Industry respondents: voluntary and mandatory (sections 110(a) and 301(a) of the Clean Air Act). State respondents: voluntary.

Estimated number of respondents: EPA estimates that there are 136 industry respondents, covering 450 units subject to one or more of the CSAPR trading programs for Texas SO₂ trading program, and 27 potential state respondents.

Frequency of response: on occasion, quarterly, and annually.

Total estimated burden: 109,233 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$16,855,9766 (per year); includes \$6,529,816 annualized capital or operation & maintenance costs.

Changes in estimates: There is decrease of 4,279 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. This decrease is due to a decrease in the number of units subject to the CSAPR trading programs for the Texas SO₂ trading program due to retirements.

Rona Birnbaum,

Director, Clean Air and Power Division, Office of Atmospheric Protection, Office of Air and Radiation.

[FR Doc. 2024–19935 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OAR–2024–0335; FRL–12191–01–OAR]

Proposed Information Collection Request; Comment Request; Information Collection Request Renewal for the NO_x SIP Call

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), “Information Collection Request Renewal for the NO_x SIP Call” (EPA ICR No. 1857.12, OMB Control No. 2060–0445) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through May 31, 2025. An Agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before November 4, 2024.

ADDRESSES: Submit your comments, referencing Docket ID No. EPA–HQ–OAR–2024–0335, online using www.regulations.gov (our preferred method), by email to a-and-r-docket@epamail.epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA’s policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT: Morgan Riedel at (202) 564–1144 or riedel.morgan@epa.gov.

SUPPLEMENTARY INFORMATION: Supporting documents which explain in detail the information that the EPA will be collecting are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202–566–1744. For additional information about EPA’s public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) 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; (ii) 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; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) 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. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: The NO_x SIP Call was created to reduce emissions of nitrogen oxides (NO_x) from power plants and other large combustion sources. NO_x is a prime ingredient in the formation of ground-level ozone (smog), a pervasive air pollution problem in many areas of the eastern United States. The NO_x SIP Call requires affected states to include certain provisions in their state implementation plans (SIPs) addressing emissions of NO_x that adversely affect air quality in other states. Although most large combustion sources affected under the NO_x SIP Call are also subject to monitoring requirements under the Acid Rain Program or the Cross-State Air Pollution Rule, this information collection is being renewed because some industrial sources in certain States are still required to monitor and report emissions data to EPA under these rules, so we will account for their burden. All data received by EPA will be treated as public information. The OMB control numbers for EPA's regulations in 40 CFR are listed in 40 CFR part 9.

Form numbers: None.

Respondents/affected entities: Entities potentially affected by this action are those which participate in the NO_x SIP Call.

Respondent's obligation to respond: mandatory (Sections 110(a) and 301(a) of the Clean Air Act).

Estimated number of respondents: EPA estimates that there are 381 units that will continue to conduct monitoring solely under the NO_x SIP call.

Frequency of response: yearly, quarterly, occasionally.

Total estimated burden: 156,640 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$25,058,685 (per year), includes \$10,398,033 annualized capital or operation & maintenance costs.

Changes in estimates: There is an increase of 16,414 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. This increase is due to assumptions made in the previous ICR regarding the number of respondents. In the previous ICR, EPA estimated fewer sources would continue to follow the Part 75 monitoring requirements due to amendments to the NO_x SIP Call. The ICR is based on updated information regarding the actual numbers of sources.

Rona Birnbaum,

Director, Clean Air and Power Division, Office of Atmospheric Protection, Office of Air and Radiation.

[FR Doc. 2024–19938 Filed 9–4–24; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OEJECR–2023–0326; FRL–10605–02–OEJECR]

Release of Achieving Health and Environmental Protection Through EPA's Meaningful Engagement Policy

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final policy; notice of availability.

SUMMARY: The Environmental Protection Agency (EPA) is issuing the final "Achieving Health and environmental Protection Through EPA's Meaningful Engagement Policy." The final Policy supersedes the EPA's 2003 Public Involvement Policy and highlights three steps for planning and providing opportunities for meaningful engagement and public participation that will enhance decision-making, while recognizing that meaningful engagement processes will need to be tailored to meet different program or decision contexts. The accompanying "Resources and Best Practices" reflect experience gained since the 2003 Public Involvement Policy. The Policy will help EPA staff build and strengthen capabilities necessary to reach and hear from members of the public on actions they are interested in or affected by, while accounting for Agency time and resource constraints. This policy does not have the force and effect of law and it does not bind the agency or the public in any way. The EPA solicited public comments on the draft policy for sixty days beginning on November 16, 2023.

FOR FURTHER INFORMATION CONTACT:

Stacey Lobatos, Office of Environmental Justice and External Civil Rights (Mail Code 2201A), Environmental Protection Agency, William Jefferson Clinton Building, 1200 Pennsylvania Avenue NW, Washington, DC 20460; phone number: 202–564–8579, email address: MeaningfulInvolvementPolicy@epa.gov.

SUPPLEMENTARY INFORMATION:

I. General Information

A. How can I access the Policy document and other related information?

1. **Docket.** The EPA has established a docket for this action under Docket ID No. EPA–HQ–OEJECR–2023–0326. Publicly available docket materials are available either electronically through www.regulations.gov or in hard copy at the EPA Docket Center, Office of Environmental Justice and External Civil Rights Docket, Mail Code 28221T, 1200 Pennsylvania Avenue NW, Washington, DC 20460. The Docket Center's hours of operations are 8:30 a.m. to 4:30 p.m., Monday through Friday (except Federal Holidays). For further information on the EPA Docket Center services and the current status, see: <https://www.epa.gov/dockets>. The public docket does not include CBI or other information whose disclosure is restricted by statute.

2. **Electronic Access.** You may also access this **Federal Register** document electronically from <https://www.federalregister.gov/documents/current> or on the EPA's website at <https://www.epa.gov/environmentaljustice/epas-meaningful-engagement-policy>.

Michael S. Regan,
Administrator.

[FR Doc. 2024–19906 Filed 9–4–24; 8:45 am]

BILLING CODE P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–0951; FR ID 242813]

Information Collection Being Reviewed by the Federal Communications Commission Under Delegated Authority

AGENCY: Federal Communications Commission.

ACTION: Notice and request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, and as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or

the Commission) invites the general public and other Federal agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; the accuracy of the Commission's burden estimate; ways to enhance the quality, utility, and clarity of the information collected; ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology; and ways to further reduce the information collection burden on small business concerns with fewer than 25 employees. The FCC may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid Office of Management and Budget (OMB) control number.

DATES: Written PRA comments should be submitted on or before November 4, 2024. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all PRA comments to Nicole Ongele, FCC, via email PRA@fcc.gov and to nicole.ongele@fcc.gov.

FOR FURTHER INFORMATION CONTACT: For additional information about the information collection, contact Nicole Ongele, (202) 418-2991.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060-0951.

Title: Service of Petitions for Preemption, 47 CFR 1.1204(b) Note 4, and 1.1206(a) Note 1.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for-profit entities, Individuals or households; Not-for-profit institutions; and State, Local or Tribal Government.

Number of Respondents and Responses: 125 respondents; 125 responses.

Estimated Time per Response: 0.28 hours (17 minutes).

Frequency of Response: On occasion reporting requirements and third party disclosure requirement.

Obligation To Respond: Required to obtain or retain benefits. Statutory

authority for this information collection is contained in 47 U.S.C. 151, 154, and 303.

Total Annual Burden: 35 hours.

Total Annual Cost: No Cost.

Needs and Uses: These provisions supplement the procedures for filing petitions seeking Commission preemption of state and local government regulation. They require that such petitions, whether in the form of a petition for rulemaking or a petition for declaratory ruling, be served on all state and local governments the actions of which are cited as a basis for requesting preemption. Thus, in accordance with these provisions, persons seeking preemption must serve their petitions not only on the state or local governments whose authority would be preempted, but also on other state or local governments whose actions are cited in the petition.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2024-19912 Filed 9-4-24; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060-0678; FR ID 242488]

Information Collection 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 might “further reduce the information collection burden for small business concerns with fewer than 25 employees.”

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before October 7, 2024.

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: 3060–0678.

Title: Part 25 of the Federal Communications Commission’s Rules Governing the Licensing of, and Spectrum Usage by, Commercial Earth Stations and Space Stations.

FCC Form Number: FCC Form 312 (Main Form and Schedules A, B, and S), FCC Form 312–R.

Type of Review: Revision of a currently approved collection.

Respondents: Businesses or other for-profit entities, not-for-profit institutions.

Number of Respondents and Responses: 3,535 respondents and 3,587 responses.

Estimated Time per Response: 0.5–80 hours.

Frequency of Response: On occasion, one time and annual reporting requirements; third-party disclosure requirement; recordkeeping requirement.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. 151, 154(i), 157, 301, 303, 307, 308, 309, and 310.

Total Annual Burden: 27,620 hours.

Total Annual Cost: \$4,154,267.

Needs and Uses: The Commission requests that the Office of Management and Budget (OMB) approve a revision of the information collection titled “Part 25 of the Federal Communications Commission’s Rules Governing the Licensing of, and Spectrum Usage by, Commercial Earth Stations and Space Stations” under OMB Control No. 3060–0678 as a result of a Report and Order (89 FR 34148) adopting a framework to offer supplemental coverage from space (SCS). SCS is a crucial component of the Commission’s vision for a “single network future,” in which satellite and terrestrial networks work seamlessly together to provide coverage that neither network can achieve on its own, and will enable consumers in areas not covered by terrestrial networks to be connected using their existing devices via satellite-based communications. In order to ensure that prospective SCS operators will be able to comply with the applicable rules, that the public interest will be served by granting their applications, and that harmful interference will be avoided to the greatest extent possible thereafter, the Commission seeks approval to collect the following information to confirm

that satellite service operators who seek to enter lease agreements with terrestrial service providers to offer supplemental coverage from space (SCS) do so in compliance with the rules that govern SCS operations.

Specifically, the Commission adopted requirements in its part 25 rules that parties who seek to provide SCS must submit a new or modified FCC Form 312 with the following certifications: that they have submitted a lease notification; that the space station licensee or grantee of market access will provide SCS in the geographic area covered by the licenses held by its terrestrial partner(s); and that SCS earth stations will qualify as licensed by rule stations under the Commission’s part 25 rules. An applicants must also describe its SCS proposal in detail in its FCC Form 312 (Main Form and Schedule S), with a brief description of the coverage areas that will be served, domestically and internationally, and include a list of the file and identification numbers associated with the relevant leasing notification(s) under the Commission’s part 1 rules. This revised information collection is designed to allow Commission staff to carry out its statutory duties to regulate satellite communications in the public interest; namely, to ensure that prospective providers of SCS will operate in compliance with the applicable regulatory framework. The Commission will use this information to assess applicants’ qualifications, and to conclude whether, and under what conditions, grant of an authorization to provide SCS will serve the public interest. This collection will thereby enable the Commission to monitor and enforce the entry criteria that SCS providers must satisfy, and which are designed to minimize the possibility of harmful interference.

Finally, the collection will play a critical role in the Commission’s effort to review and track leasing arrangements that will result in entities providing SCS.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2024–19909 Filed 9–4–24; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–0174; FR ID 242812]

Information Collection Being Reviewed by the Federal Communications Commission

AGENCY: Federal Communications Commission.

ACTION: Notice and request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, and as required by the Paperwork Reduction Act of 1995 (PRA), the Federal Communications Commission (FCC or Commission) invites the general public and other Federal agencies to take this opportunity to comment on the following information collection(s). Comments are requested concerning: whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; the accuracy of the Commission’s burden estimate; ways to enhance the quality, utility, and clarity of the information collected; ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology; and ways to further reduce the information collection burden on small business concerns with fewer than 25 employees. The FCC may not conduct or sponsor a collection of information unless it displays a currently valid 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.

DATES: Written comments should be submitted on or before November 4, 2024. If you anticipate that you will be submitting comments but find it difficult to do so within the period of time allowed by this notice, you should advise the contacts below as soon as possible.

ADDRESSES: Direct all PRA comments to Cathy Williams, FCC, via email to PRA@fcc.gov and to Cathy.Williams@fcc.gov.

FOR FURTHER INFORMATION CONTACT: For additional information about the information collection, contact Cathy Williams at (202) 418–2918.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060–0174.

Title: Sections 73.1212, 76.1615, and 76.1715, Sponsorship Identification.

Form Number: Not applicable.

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit entities and Individuals or households.

Number of Respondents and Responses: 52,760 respondents, 1,939,422 responses.

Estimated Time per Response: 0.0011 hour–2.166 hours.

Frequency of Response:

Recordkeeping requirement; Third party disclosure requirement; On occasion reporting requirement.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for this collection of information is contained in 47 U.S.C. 151, 152, 154(i), 154(j), 303(r), 307, 317, and 325(c) of the Communications Act, as amended.

Total Annual Burden: 332,922 hours.

Total Annual Cost: \$2,010,723.

Needs and Uses: The Commission, in the *Second Report and Order*, FCC 24–61, takes steps to ensure clear and reasonable foreign sponsorship identification rules. Section 73.1212(j) of the Commission's rules, 47 CFR 73.1212(j), requires radio and television broadcast stations to disclose to their audiences, at the time of broadcast, when material aired pursuant to the lease of time on the station has been sponsored, paid for, or furnished by a foreign governmental entity. Section 73.1212(k) of the Commission's rules, 47 CFR 73.1212(k), imposes corresponding obligations on stations with section 325(c) permits. The Commission's authority to impose these regulations stems from section 317 of the Communications Act, which requires broadcast licensees to inform their audiences when the station has been paid to air a particular program, in furtherance of the longstanding broadcasting tenet that the public has a right to know the identity of those that solicit its support.

The foreign sponsorship identification rules require broadcast licensees, at the time of entering or renewing a lease agreement (unless a once-a-year exception applies), to exercise reasonable diligence to ascertain whether a programming disclosure is required. To ensure that licensees are complying with their reasonable diligence and disclosure obligations, the foreign sponsorship identification rules require licensees to memorialize their required inquiries of lessees and to maintain records of their programming disclosures and their reasonable diligence efforts.

In the *Second Report and Order*, the Commission modified the rule's

information collection requirements by adopting an approach that provides licensees with two options for demonstrating that they have met their duty of inquiry in seeking to obtain the information needed to determine whether the programming provided by a lessee is sponsored by a foreign governmental entity. The Commission designed this approach to provide licensees with as much flexibility as possible and to minimize their paperwork costs and burdens while still ensuring compliance with the reasonable diligence requirements.

One option available to licensees is the use of certifications, where both the licensee and the lessee complete a certification reflecting the communications and inquiries required under the existing rules. Licensees and lessees have the option either to use sample certification language set forth in simple, one-page, "check-box" templates appended to the *Second Report and Order* or to use language of the parties' own choosing. Most licensee and lessee employees should be able to complete the forms quickly and readily, based upon their existing knowledge and understanding. It is highly unlikely that either the licensee or the lessee would need to engage in any type of research to respond to the queries contained in the certifications. Notably, these are the same inquiries the Commission adopted in the *First Report and Order*, only formatted now as a certification. If licensees and lessees prefer not to use the Commission's templates, they may use their own certification language, provided that language addresses the points listed in § 73.1212(j)(3)(i) through (iii) of the rules, which were adopted in the *First Report and Order*. The Commission granted this flexibility to alleviate or minimize costs for licensees that already had developed their own certifications based on the existing foreign sponsorship identification rules. A lessee's certification should convey the information needed to determine whether a disclosure is required and the information needed for a broadcast disclosure if one is required.

As an alternative to the certification option, licensees may choose to ask their lessees for screenshots of lessees' search results of two federal government websites (the Department of Justice's FARA database and the Commission's U.S.-based foreign media outlet report). Licensees choosing this option must still comply with all other aspects of the current rules, as they have been required to do since the compliance date of the *First Report and Order*. Licensees are encouraged to include in

their lease agreements a requirement for lessees to provide notice of any change in status so as to trigger the need for a foreign sponsorship disclosure.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2024–19910 Filed 9–4–24; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–0233; FR ID 242032]

Information Collection 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 might "further reduce the information collection burden for small business concerns with fewer than 25 employees." 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.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before October 7, 2024.

ADDRESSES: Comments should be sent to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Your comment must be submitted into www.reginfo.gov per the above instructions for it to be considered. In addition to submitting in www.reginfo.gov also send a copy of your comment on the proposed information collection to Nicole Ongele, FCC, via email to PRA@fcc.gov and to Nicole.Ongele@fcc.gov. Include in the

comments the OMB control number as shown in the **SUPPLEMENTARY INFORMATION** below.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection, contact Nicole Ongele at (202) 418–2991. To view a copy of this information collection request (ICR) submitted to OMB: (1) go to the web page <http://www.reginfo.gov/public/do/PRAMain>, (2) look for the section of the web page called “Currently Under Review,” (3) click on the downward-pointing arrow in the “Select Agency” box below the “Currently Under Review” heading, (4) select “Federal Communications Commission” from the list of agencies presented in the “Select Agency” box, (5) click the “Submit” button to the right of the “Select Agency” box, (6) when the list of FCC ICRs currently under review appears, look for the Title of this ICR and then click on the ICR Reference Number. A copy of the FCC submission to OMB will be displayed.

SUPPLEMENTARY INFORMATION: 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: 3060–0233.

Title: Part 54—Rate-of-Return Carrier Universal Service Reporting Requirements; Waiver of Local Exchange Carrier Study Area Boundary Changes.

Form Number: FCC Form 507, FCC Form 508 and FCC Form 509.

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit.

Number of Respondents and Responses: 1,098 respondents; 3,627 responses.

Estimated Time per Response: 1–22 hours.

Frequency of Response: Annual reporting requirements.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. 151–154, 214, 218–220, 221(c), 254, and 303(r).

Total Annual Burden: 34,404 hours.

Total Annual Cost: No Cost.

Needs and Uses: In order to determine which carriers are entitled to universal service support, all rate-of-return regulated (rate-of-return) incumbent local exchange carriers (LECs) must provide the National Exchange Carrier Association (NECA) with the loop cost and loop count data required by section 54.1305 for each of its study areas and, if applicable, for each wire center as that term is defined in 47 CFR part 54. See 47 CFR 54.1305, 54.5. The loop cost and loop count information is to be filed annually with NECA by July 31st of each year. See 47 CFR 54.1305. Pursuant to section 54.1307, the information filed on July 31st of each year will be used to calculate universal service support for each study area and is filed by NECA with the Commission on October 1 of each year. See 47 CFR 54.1307. An incumbent LEC is defined as a carrier that meets the definition of “incumbent local exchange carrier” in section 51.5 of the Commission’s rules. See 47 CFR 51.5.

In March 2016, the Commission adopted the Rate-of-Return Reform Order to continue modernizing the universal service support mechanisms for rate-of-return carriers. Connect America Fund et al., Report and Order et al., 31 FCC Rcd 3087 (2016) (Rate-of-Return Reform Order). The Rate-of-Return Reform Order replaced the Interstate Common Line Support (ICLS) mechanism with the Connect America Fund—Broadband Loop Support (CAF–BLS) mechanism. Id. at 3117–57, paras. 80–187. While ICLS supported only lines used to provide traditional voice service (including voice service bundled with broadband service), CAF–BLS also supports consumer broadband-only loops. Id. at 3157–62, paras. 188–204. For the purposes of calculating and monitoring CAF–BLS, rate-of-return carriers that receive CAF–BLS must file common line and consumer broadband-only loop counts on FCC Form 507, forecasted common line and consumer broadband-only loop costs and revenues on FCC Form 508, and actual common

line and consumer broadband-only loop costs and revenues on FCC Form 509. See 47 CFR 54.903(a).

In December 2018, the Commission adopted the December 2018 Rate-of-Return Reform Order to require rate-of-return carriers that receive Alternative Connect American Model (A–CAM) or Alaska Plan support to file line count data on FCC Form 507 as a condition of high-cost support. Connect America Fund et al., WC Docket No. 10–90 et al., Report and Order, Further Notice of Proposed Rulemaking and Order on Reconsideration, 33 FCC Rcd 11893 (2018) (2018 Rate-of-Return Reform Order). Historically, all rate-of-return carriers that received CAF–BLS or, prior to that, ICLS, were required to file line count data on FCC Form 507 as a condition of that support but Rate-of-return carriers that had elected to receive A–CAM I, A–CAM II, or Alaska Plan instead were not. Id. at 11937, para. 148. In order to restore a data set that the Commission relied on to evaluate the effectiveness of its high-cost universal service programs, the Commission revised its rules in that Order to require all rate-of-return carriers to file that data. See id. at 11937, para. 51. While carriers receiving CAF–BLS must file the line count data on March 31 for line counts as of the prior December 31, the A–CAM I, A–CAM II, and Alaska Plan carriers will be required to file on July 1 of each year to coincide with other existing requirements in OMB Control No. 3060–0986. 47 CFR 54.903(a)(1), 54.313(f)(5).

On October 20, 2023, the Commission made changes to rate-of-return reporting rules by eliminating optional unseparated loop cost data quarterly updates. Connect America Fund et al., WC Docket No. 10–90 et al. WT Docket No. 10–208, Notice of Proposed Rulemaking and Report and Order, FCC 23–87 at 79–80, paras. 181–82 (Oct. 20, 2023). In addition, the Commission amended section 36.4 of the Commission’s rules, 47 CFR 36.4, to require local exchange carriers seeking a change in study area boundaries to submit a petition for waiver of these boundary changes notwithstanding any prior exemptions from such waiver requests including, but not limited to, when a company is combining previously unserved territory with one of its study areas or a holding company is consolidating existing study areas within the same state. See id. at 176–180, paras. 77–79. The Commission therefore proposes to revise this information collection.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2024–19911 Filed 9–4–24; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL ELECTION COMMISSION

Sunshine Act Meetings

TIME AND DATE: Tuesday, September 17, 2024 at 10:00 a.m. and its continuation at the conclusion of the open meeting on September 19, 2024.

PLACE: 1050 First Street NE, Washington, DC and virtual (this meeting will be a hybrid meeting).

STATUS: This meeting will be closed to the public.

MATTERS TO BE CONSIDERED: Compliance matters pursuant to 52 U.S.C. 30109.

Matters concerning participation in civil actions or proceedings or arbitration.

* * * * *

CONTACT PERSON FOR MORE INFORMATION: Judith Ingram, Press Officer Telephone: (202) 694–1220.

(Authority: Government in the Sunshine Act, 5 U.S.C. 552b)

Vicktoria J. Allen,

Deputy Secretary of the Commission.

[FR Doc. 2024–20161 Filed 9–3–24; 4:15 pm]

BILLING CODE 6715–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[Document Identifiers: CMS–10280]

Agency Information Collection Activities: Submission for OMB Review; Comment Request

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

ACTION: Notice.

SUMMARY: The Centers for Medicare & Medicaid Services (CMS) is announcing an opportunity for the public to comment on CMS' intention to collect information from the public. Under the Paperwork Reduction Act of 1995 (PRA), Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension or reinstatement of an existing collection of information, and to allow a second opportunity for public comment on the notice. Interested

persons are invited to send comments regarding the burden estimate or any other aspect of this collection of information, including the necessity and utility of the proposed information collection for the proper performance of the agency's functions, the accuracy of the estimated burden, ways to enhance the quality, utility, and clarity of the information to be collected, and the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

DATES: Comments on the collection(s) of information must be received by the OMB desk officer by October 7, 2024.

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.

To obtain copies of a supporting statement and any related forms for the proposed collection(s) summarized in this notice, please access the CMS PRA website by copying and pasting the following web address into your web browser: <https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing>.

FOR FURTHER INFORMATION CONTACT: William Parham at (410) 786–4669.

SUPPLEMENTARY INFORMATION: Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3520), Federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. The term “collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal agencies to publish a 30-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension or reinstatement of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, CMS is publishing this notice that summarizes the following proposed collection(s) of information for public comment:

1. *Type of Information Collection Request:* Extension of a currently

approved collection; *Titles of Information Collection:* Home Health Change of Care Notice; *Use:* The purpose of the Home Health Change of Care Notice (HHCCN) is to notify original Medicare beneficiaries receiving home health care benefits of plan of care changes. Consistent with the Medicare Conditions of Participation (COPs) for home health agencies (HHAs) and the decision of the US Court of Appeals 2nd Circuit decision in *Lutwin v. Thompson*, HHAs must provide the HHCCN to a beneficiary whenever they reduce or terminate that beneficiary's home health services due to physician/provider orders or limitation of the HHA in providing the specific service. Notification is required for covered and non-covered services listed in the plan of care (POC). Implementing regulations are found at 42 CFR 484.10(c). These requirements are fulfilled by the HHCCN.

Home health agencies (HHAs) are required to provide written notice to Original Medicare beneficiaries under various circumstances involving the reduction or termination of items and/or services consistent with Home Health Agencies Conditions of Participation (COPs). The beneficiary will use the information provided to decide whether or not to pursue alternative options to continue receiving the care noted on the HHCCN. *Form Numbers:* CMS–10280 (OMB control number: 0938–1196); *Frequency:* Yearly; *Affected Public:* Private Sector—Business or other for-profit and Not-for-profit institutions; *Number of Respondents:* 11,353; *Total Annual Responses:* 19,004,850; *Total Annual Hours:* 1,265,723. (For policy questions regarding this collection contact, Jennifer McCormick at 410–786–2852.)

William N. Parham, III,

Director, Division of Information Collections and Regulatory Impacts, Office of Strategic Operations and Regulatory Affairs.

[FR Doc. 2024–19863 Filed 9–4–24; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[Document Identifiers: CMS–10902]

Agency Information Collection Activities: Proposed Collection; Comment Request

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

ACTION: Notice.

SUMMARY: The Centers for Medicare & Medicaid Services (CMS) is announcing an opportunity for the public to comment on CMS' intention to collect information from the public. Under the Paperwork Reduction Act of 1995 (PRA), Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information (including each proposed extension or reinstatement of an existing collection of information) and to allow 60 days for public comment on the proposed action. Interested persons are invited to send comments regarding our burden estimates or any other aspect of this collection of information, including the necessity and utility of the proposed information collection for the proper performance of the agency's functions, the accuracy of the estimated burden, ways to enhance the quality, utility, and clarity of the information to be collected, and the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

DATES: Comments must be received by November 4, 2024.

ADDRESSES: When commenting, please reference the document identifier or OMB control number. To be assured consideration, comments and recommendations must be submitted in any one of the following ways:

1. *Electronically.* You may send your comments electronically to <http://www.regulations.gov>. Follow the instructions for "Comment or Submission" or "More Search Options" to find the information collection document(s) that are accepting comments.

2. *By regular mail.* You may mail written comments to the following address: CMS, Office of Strategic Operations and Regulatory Affairs, Division of Regulations Development, Attention: Document Identifier/OMB Control Number: _____, Room C4–26–05, 7500 Security Boulevard, Baltimore, Maryland 21244–1850.

To obtain copies of a supporting statement and any related forms for the proposed collection(s) summarized in this notice, please access the CMS PRA website by copying and pasting the following web address into your web browser: <https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing>.

FOR FURTHER INFORMATION CONTACT: William N. Parham at (410) 786–4669.

SUPPLEMENTARY INFORMATION:

Contents

This notice sets out a summary of the use and burden associated with the following information collections. More detailed information can be found in each collection's supporting statement and associated materials (see **ADDRESSES**).

CMS–10902 Environmental Health Hazards Checklist Medicare Coverage for Individuals Exposed to Environmental Health Hazards

Under the PRA (44 U.S.C. 3501–3520), Federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. The term "collection of information" is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA requires Federal agencies to publish a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension or reinstatement of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, CMS is publishing this notice.

Information Collections

1. *Type of Information Collection Request:* New Collection (Request for a new OMB control number); *Title of Information Collection:* Environmental Health Hazards Checklist Medicare Coverage for Individuals Exposed to Environmental Health Hazards; *Use:* Section 1881A of the Act provides an enrollment basis for individuals who have been exposed to environmental health hazards. Currently, the only individuals eligible for Medicare under this provision are those who were present in Lincoln County, Montana, and have an asbestos-related disease (ARD) diagnosis. Eligible individuals must be diagnosed with one or more asbestos-related conditions and have

been present in Lincoln County, Montana, for a total of at least 6 months (need not be consecutive) in the period ending 10 years or more before diagnosis of an asbestos-related condition. This form provides verification from a provider so that SSA can determine eligibility for Medicare enrollment.

SSA uses this information to determine whether an individual meets the requirements for Medicare enrollment on the basis of an Environmental Health Hazard. The form is faxed to the applicant's provider by SSA. The provider must complete and sign the form and submit it back to SSA via fax or mail. The information on the completed form is reviewed manually by SSA. Thus, the collection of this information does not involve the use of information technology. *Form Number:* CMS–10902 (OMB control number: 0938–New); *Frequency:* Once; *Affected Public:* Individuals and Households; *Number of Respondents:* 61; *Total Annual Responses:* 61; *Total Annual Hours:* 10. (For policy questions regarding this collection contact Tyrissa Woods at 410–786–0286 or Tyrissa.Woods@cms.hhs.gov).

William N. Parham, III,
Director, Division of Information Collections and Regulatory Impacts, Office of Strategic Operations and Regulatory Affairs.

[FR Doc. 2024–19867 Filed 9–4–24; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Proposed Information Collection Activity; Child Care Development Fund (CCDF) ACF–696T Financial Report for Tribes (OMB #0970–0510)

AGENCY: Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services.

ACTION: Request for public comments.

SUMMARY: The Administration for Children and Families (ACF) Office of Child Care plans to submit revisions to an approved generic information collection (GenIC) under the umbrella generic: Generic Clearance for Financial Reports used for ACF Non-Discretionary Grant Programs (0970–0510). The request revises ACF–696T, the annual financial report for tribal CCDF grant programs to submit financial claims. This specific form collects financial data for Tribal CCDF programs. The

proposed revisions to the ACF-696T will provide reporting instructions to Tribal Lead Agencies who are approved under a temporary opportunity to retroactively request the use CCDF funds, including most COVID-relief funds, for construction and/or major renovation with the intent of offsetting increased costs of materials, labor, and other related project costs.

DATES: *Comments due within 14 days of publication.* In compliance with the requirements of the Paperwork Reduction Act of 1995, ACF is soliciting public comment on the specific aspects of the information collection described above and below.

ADDRESSES: Copies of the proposed collection of information can be

obtained and comments may be forwarded by emailing infocollection@acf.hhs.gov. All requests should be identified by the title of the information collection.

SUPPLEMENTARY INFORMATION:

Description: ACF programs require detailed financial information from their grantees that allows ACF to monitor various specialized cost categories within each program, to closely manage program activities, and to have sufficient financial information to enable periodic thorough and detailed audits. Generic Clearance for Financial Reports used for ACF Non-Discretionary Grant Programs allows ACF programs to efficiently develop and receive approval for financial reports that are tailored to

specific funding recipients and the associated needs of the program. For more information about the umbrella generic, see: https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202108-0970-002.

This specific GenIC collects financial data for tribal CCDF programs. The proposed revisions to the ACF-696T will provide reporting instructions to Tribal Lead Agencies who are approved under a temporary opportunity to retroactively request the use CCDF funds, including most COVID-relief funds, for construction and/or major renovation with the intent of offsetting increased costs of materials, labor, and other related project costs.

ANNUAL BURDEN ESTIMATES

Title of information collection	Number of respondents	Annual frequency of responses	Hourly burden per response	Annual hourly burden
ACF-696T	219	1	5	1,095

Comments: The Department specifically requests comments on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted within 14 days of this publication.

Authority: 42 U.S.C. 9857, 42 U.S.C. 618.

Mary C. Jones,

ACF/OPRE Certifying Officer.

[FR Doc. 2024-19916 Filed 9-4-24; 8:45 am]

BILLING CODE 4184-25-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2024-N-3902]

Agency Information Collection Activities; Proposed Collection; Comment Request; Registration of Producers of Drugs and Listing of Drugs in Commercial Distribution and Related Collections of Information

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA, the Agency, or we) is announcing an opportunity for public comment on the proposed collection of certain information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment in response to the notice. This notice solicits comments on the information collections related to requirements for drug establishment registration and drug listing, including registrant reporting under the Federal Food, Drug, and Cosmetic Act (FD&C Act) with respect to listed drugs and certain guidances.

DATES: Either electronic or written comments on the collection of

information must be submitted by November 4, 2024.

ADDRESSES: You may submit comments as follows. Please note that late, untimely filed comments will not be considered. The <https://www.regulations.gov> electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of November 4, 2024. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on <https://www.regulations.gov>.

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see “Written/Paper Submissions” and “Instructions”).

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in “Instructions.”

Instructions: All submissions received must include the Docket No. FDA-2024-N-3902 for “Agency Information Collection Activities; Proposed Collection; Comment Request; Registration of Producers of Drugs and Listing of Drugs in Commercial Distribution, and Related Collections of Information.” Received comments, those filed in a timely manner (see **ADDRESSES**), will be placed in the docket and, except for those submitted as “Confidential Submissions,” publicly viewable at <https://www.regulations.gov> or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240-402-7500.

- **Confidential Submissions**—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states “THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.” The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on <https://www.regulations.gov>. Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as “confidential.” Any information marked as “confidential” will not be disclosed except in accordance with 21 CFR 10.20

and other applicable disclosure law. For more information about FDA’s posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: <https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf>.

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to <https://www.regulations.gov> and insert the docket number, found in brackets in the heading of this document, into the “Search” box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240-402-7500.

FOR FURTHER INFORMATION CONTACT:

Domini Bean, Office of Operations, Food and Drug Administration, Three White Flint North, 10A-12M, 11601 Landsdown St., North Bethesda, MD 20852, 301-796-5733, PRASStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501-3521), Federal Agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. “Collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, FDA is publishing notice of the proposed collection of information set forth in this document.

With respect to the following collection of information, FDA invites comments on these topics: (1) whether the proposed collection of information is necessary for the proper performance of FDA’s functions, including whether the information will have practical utility; (2) the accuracy of FDA’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques,

when appropriate, and other forms of information technology.

Registration of Producers of Drugs and Listing of Drugs in Commercial Distribution and Related Collections of Information

OMB Control Number 0910-0045—Extension

This information collection supports implementation of requirements related to drug establishment registration and listing governed by section 510 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 360), including registrant reporting under section 510(j)(3) of the FD&C Act with respect to listed drugs. Agency regulations implementing drug establishment and registration provisions are found in part 207 (21 CFR part 207) and include reporting and recordkeeping requirements. Agency guidance addressing reporting and recordkeeping provided for by section 510 of the FD&C Act is also addressed in this information collection. All Agency guidance documents are issued consistent with our good guidance practice regulations in 21 CFR 10.115, which provide for public comment at any time. To search available FDA guidance documents, visit the FDA guidance web page at <https://www.fda.gov/regulatory-information/search-fda-guidance-documents>.

Respondents to the collection of information are domestic establishments that manufacture, repack, relabel, or salvage a drug, or an animal feed bearing or containing a new animal drug, and foreign establishments that manufacture, repack, relabel, or salvage a drug, or an animal feed bearing or containing a new animal drug, that is imported or offered for import into the United States. As set forth in the regulations governing drug establishment registration and listing, when operations are conducted at more than one establishment and common ownership and control among all the establishments exists, the parent, subsidiary, or affiliate company may submit registration information for all establishments. Establishment registration information helps FDA identify who is manufacturing, repackaging, relabeling, and salvaging drugs and where those operations are performed. Drug listing information gives FDA a current inventory of drugs manufactured, repacked, relabeled, or salvaged for commercial distribution. Data reported by registrants under section 510(j)(3) of the FD&C Act on the number of listed drugs they annually manufacture, prepare, propagate,

compound or process provide FDA with a more comprehensive picture of the drug supply chain, which can inform operational decisions and support the Agency's efforts to reduce drug shortage risk. All these types of information facilitate implementation and enforcement of the FDC Act and are used for many important public health purposes.

While there are 10,480 establishments currently registered with FDA, registration and listing data is subject to frequent fluctuation as a result of the volume of activity. Consistent with provisions in § 207.61, except as provided in § 207.65, all information submitted under part 207 must be transmitted to FDA in an electronic format by using our electronic drug registration and listing system, in a form that we can process, review, and archive. For more information regarding FDA's Electronic Drug Registration and Listing System (eDRLS), including "Latest News" updates, we encourage respondents to visit our website at <https://www.fda.gov/drugs/guidance-compliance-regulatory-information/electronic-drug-registration-and-listing-system-edrls>. To assist respondents in complying with electronic submission requirements related to drug establishment registration and drug listing under section 510 of the FD&C Act, we issued the guidance document entitled "Providing Regulatory Submissions in Electronic Format—Drug Establishment Registration and Drug Listing" (June 2009) (available at <https://www.fda.gov/media/71146/download>). Updated daily, we also maintain a registration database that includes a publication of currently registered establishments on our website at <https://www.fda.gov/drugs/drug-approvals-and-databases/drug-establishments-current-registration-site>.

Since our last evaluation of the collection of information, there have

been modifications to certain reporting and recordkeeping requirements under section 510 of the FD&C Act resulting from amendments made by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116–136). Relevant to the information collection described herein, section 510(j) of the FD&C Act was amended to include the following information collection activities:

- Section 510(j)(3) of the FD&C Act, as added by the CARES Act, requires that registrants under section 510 of the FD&C Act must annually report the amount of each listed drug that they manufactured, prepared, propagated, compounded, or processed (hereinafter manufactured) for commercial distribution. Section 510(j)(3) of the FD&C Act also authorizes FDA to require that registrants report this information electronically, and to require that registrants report this information at the time a public health emergency is declared. To provide guidance on the submission of the reporting required under section 510(j)(3) of the FD&C Act, we issued the guidance document entitled "Reporting Amount of Listed Drugs and Biological Products Under Section 510(j)(3) of the FD&C Act" (February 2024) (available at <https://www.fda.gov/media/175933/download>). In addition to supporting FDA's response to drug shortages, this guidance on reporting under section 510(j)(3) also facilitates FDA's access to information useful in making decisions regarding the appropriate level of drug facility surveillance.

- The guidance document entitled "Planning for the Effects of High Absenteeism to Ensure Availability of Medically Necessary Drug Products" (March 2011) (available at <https://www.fda.gov/media/120092/download>) is intended to encourage manufacturers of drug and therapeutic biological products, and any raw materials and

components used in those products, to develop a written Emergency Plan (Plan) for maintaining an adequate supply of medically necessary drug products during an emergency that results in high employee absenteeism; that guidance discusses the elements that should be covered by such a Plan. The guidance also recommends respondents notify FDA's Center for Drug Evaluation and Research (CDER) when activating or deactivating a Plan.

- As we continue to receive similar information regarding animal drug shortages, we developed and issued the guidance document "Reporting and Mitigating Animal Drug Shortages" (Center for Veterinary Medicine GFI #271) (May 2023) (available at <https://www.fda.gov/media/137722/download>) intended to assist respondents in notifying FDA about changes in the production of animal drugs that will, in turn, help the Agency in its efforts to prevent or mitigate shortages of animal drugs.

- The Secretary may issue an order under section 510(j)(3)(B) of the FD&C Act to exempt certain biological products or categories of biological products regulated under section 351 of the Public Health Service Act (42 U.S.C. 242) from some or all of the reporting requirements established in section 510(j)(3)(A) of the FD&C Act, if the Secretary determines that applying such reporting requirements to those products (or product categories) is not necessary to protect the public health. We most recently revised the information collection to reflect reporting exemptions via such an order pertaining to: (1) blood and blood components for transfusion and (2) cell and gene therapy products, where one lot treats a single patient, as announced in the **Federal Register** of April 13, 2023 (88 FR 22454) (April 2023 final order).

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹

Activity; 21 CFR section; statutory citation; guidance section	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Initial establishment registration; §§ 207.17, 207.21, and 207.25	593	2	1,186	1	1,186
Annual review and update of registration information (including expedited updates); § 207.29	10,480	3	31,440	0.5 (30 minutes)	15,720
Initial listing (including National Drug Code (NDC)); §§ 207.33, 207.41, 207.45, 207.49, 207.53, 207.54, and 207.55	3,040	~7.28	22,130	1.5	33,197
June and December review and update (or certification) of listing; §§ 207.35 and 207.57	5,153	20	103,060	0.75 (45 minutes)	77,295
Waiver requests; § 207.65	1	1	1	0.5 (30 minutes)	1

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹—Continued

Activity; 21 CFR section; statutory citation; guidance section	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Public disclosure exemption request; § 207.81(c)	30	1	30	1	30
Manufacturing amount information; section 510(j)(3) of the FD&C Act	8,700	22.5	195,750	1	195,750
Notify FDA of changes in the production of animal drugs; “Reporting and Mitigating Animal Drug Shortages,” section III	30	2	60	1	60
Notify CDER when activating/deactivating Plan; “Planning for the Effects of High Absenteeism to Ensure Availability of Medically Necessary Drug Products,” section III.F	2	1	2	16	32
Total			353,659		323,271

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN ¹

Activity; guidance section	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
Preparing Standard Operating Procedures for Creating and Uploading the Structured Product Labeling File	1,000	1	1,000	40	40,000
Develop initial Plan; “Planning for the Effects of High Absenteeism to Ensure Availability of Medically Necessary Drug Products,” section III	70	1	70	250	17,500
Total			1,070		57,500

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

According to internal data, we estimate 593 respondents will submit 1,186 new establishment registrations annually. We estimate that 10,480 registrants will provide 31,440 annual reviews and updates of registration information (including expedited updates) or reviews and certifications that no changes have occurred. The estimates include the registration of establishments for both domestic and foreign manufacturers, repackers, relabelers, and drug product salvagers, and registration information submitted by anyone acting as an authorized agent for an establishment that manufactures, repacks, relabels, or salvages drugs. The estimates include an additional 80 positron emission tomography drug producers who are not exempt from registration and approximately 30 manufacturers of plasma derivatives.

We assume 1 hour is necessary for registrants to submit initial registration information electronically for each new establishment. We assume 30 minutes is necessary for each annual review and update of registration information (including any expedited updates) or each review and certification that no changes have occurred. Our estimate reflects the average amount of time and effort necessary to register a domestic or foreign establishment, and the average amount of time and effort necessary to

review and update registration information or review registration information and certify no changes have occurred.

Based on the number of drugs listed annually over the last few years, we estimate 3,040 registrants will report approximately 22,131 new listings annually (including the information submitted to obtain a labeler code and to reserve an NDC for future use). Based on the number of drugs in our listing database and the current number of changes to listing information submitted, we estimate 5,153 registrants will each report 20 reviews and updates (including the information submitted to revise an NDC) for a total of 103,060 annually. The estimates for the number of drug listings include both domestic and foreign listings, listings submitted by registrants for products sold under their own names as well as products intended for private label distribution, and information submitted related to an NDC and to obtain a labeler code. The estimate for the number of drugs subject to the listing requirements includes positron emission tomography drugs and approximately 30 plasma derivatives. The estimates for the number of June and December reviews and updates of listing information include the number of changes to drug characteristics pertaining to the drug

product code to obtain a new NDC and the reports of the withdrawal of an approved drug from sale under § 314.81(b)(3)(iii) (21 CFR 314.81(b)(3)(iii)).

Based on our experience with electronically listing submissions over the last few years, we assume it takes 1 hour and 30 minutes to submit information electronically for each drug listed for the first time (for both foreign and domestic registrant listings). These estimates are an average of the time it will take manufacturers, repackers, relabelers, and drug product salvagers, with drug product salvagers taking considerably less time than manufacturers. The estimates include the time for submitting the content of labeling and other labeling in an electronic format (for drugs subject to an approved marketing application, the electronic submission of the content of labeling under 21 CFR 314.50(l)(1)(i) is approved under OMB control number 0910–0001). We assume it takes 45 minutes for each June and December review and update. These estimates represent the average amount of time to review and update listing information or to review and certify that no changes have occurred. The estimates include the time for submitting any labeling for each drug, changes to the drug’s characteristics submitted for a new NDC

and reports of the withdrawal of an approved drug from sale under § 314.81(b)(3)(iii).

We estimate 1,000 firms will expend 40 hours to prepare, review, and approve a standard operating procedure (SOP), for a total of 40,000 hours annually. Although we expect most respondents will have already prepared and implemented an SOP for the electronic submission of drug establishment registration and drug listing information, we retain an estimate for new firms that will do so, as recommended in the guidance document.

Additionally, we assume 10,480 registrants, (accounting for both biological product and drug product registrants) are subject to the reporting provisions under section 510(j)(3) of the FD&C Act but exclude 1,780 respondents to reflect the reporting exemptions implemented under section 510(j)(3)(B) pertaining to: (1) blood and blood components for transfusion and (2) cell and gene therapy products, where one lot treats a single patient. Also, based on informal communications, we have increased the estimated burden we attribute to prepare and submit the requisite information for reporting provisions under section 510(j)(3) of the FD&C Act from 15 minutes to 1 hour.

Regarding notifications to FDA of changes in the production of animal drugs associated with the guidance document entitled “Reporting and Mitigating Animal Drug Shortages,” we estimate that 30 respondents will provide two notifications each year and that it will take 1 hour to prepare and submit each notification.

Finally, regarding the information collection associated with the guidance document entitled “Planning for the Effects of High Absenteeism to Ensure Availability of Medically Necessary Drug Products,” we assume two notifications (for purposes of this analysis, we consider an activation and a deactivation notification to equal one notification) will be submitted to CDER annually, and estimate each notification requires 16 hours to prepare and submit. As FDA issued the guidance in 2011, we now assume that most respondents have developed the recommended Plan, and therefore, we limit our current burden estimate to updates and maintenance. Accordingly, we estimate 70 manufacturers will update or maintain the recommended Plan and those changes would take approximately 250 hours per manufacturer.

Our estimated burden for the information collection reflects an overall decrease of 65,934 responses/

records but an overall increase of 144,913 hours annually. We attribute adjustments to our reevaluation of the number of submissions we received over the last few years for the provisions in part 207 and the increase in the estimated burden per response to 1 hour to prepare and submit the requisite information for the reporting provisions under section 510(j)(3) of the FD&C Act.

Dated: August 29, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19862 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2022–N–1894]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Yale-Mayo Clinic Centers of Excellence in Regulatory Science and Innovation B12 Pediatric Device Survey

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or we) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the collection of information by October 7, 2024.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to <https://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function. The OMB control number for this information collection is 0910–0912. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT: JonnaLynn Capezzuto, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 301–796–3794, PRAStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Yale-Mayo Clinic Centers of Excellence in Regulatory Science and Innovation (CERSI) B12 Pediatric Device Survey

OMB Control Number 0910–0912—Reinstatement

Despite numerous legislative, regulatory, and scientific efforts, there has been little change in the number of devices approved for use in pediatric patients. This has often led to devices being adapted for use in children without an appropriate level of evidence, exposing them to inconsistent benefit risk profiles. This health inequity highlights the need for devices that are designed, evaluated, and labeled for pediatric patients. To address these challenges, this collection is being done to survey industry and other key stakeholders in the medical device ecosystem to identify the barriers that prevent product developers from entering the pediatric device market as well as the proper incentives that would motivate them to innovate and sustain within this market.

This survey is a followup to the public meeting that FDA held in August 2018, entitled, “Pediatric Medical Device Development.” As mandated by section 502(d) of the FDA Reauthorization Act of 2017 (Pub. L. 115–52) the meeting was convened to address several topics, including consideration of ways to: (1) increase FDA assistance to medical device manufacturers in developing devices for pediatric populations that are approved or cleared, and labeled, for their use and (2) identify current barriers to pediatric device development and incentives to address such barriers.

Feedback from this meeting clarified the need to better understand factors influencing suboptimal engagement and participation by diverse innovators in the pediatric medical device space. Information garnered from this survey may help inform strategic plans to optimize existing programs for the needs of pediatric medical device innovators and develop new programs that will support sustained development in this space.

In the **Federal Register** of May 22, 2024 (89 FR 44993), FDA published a 60-day notice requesting public comment on the proposed collection of information. No comments were received.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹

Activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours ²
Phone Survey	17	1	17	0.5 (30 minutes)	9
Online Survey	56	1	56	1	56
Total					65

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.
² Rounded to the nearest hour.

The targeted groups for this collection of information include representatives from the medical device industry, academia, recipients of funding under section 305 of the Pediatric Medical Device Safety and Improvement Act of 2007 (Pub. L. 110–85; 42 U.S.C. 282 note), and trade organizations, medical provider organizations, organizations and individuals involved with financing and reimbursement associated with medical devices, pediatric healthcare leaders, clinicians who regularly use medical devices in caring for children, and organizations and individuals representing patients and consumers.

Phone survey: Respondents participating in the phone survey will be executives from companies either producing products in pediatrics or from companies that produce products that could be used in pediatrics. Executives will be invited to engage in the 30-minute phone survey.

Online survey: The 1-hour online survey will be administered to leaders within pediatric companies and key decision makers in the pediatric medical device industry (*e.g.*, venture capitalists, banking investors, leaders in children’s hospitals and research networks, and pediatric patient advocates).

Substantial turnover in the graduate students administering the survey made it necessary to bring in a new cohort of students and train them in the issues relevant to the survey. As a result, we were unable to field the B12 Pediatrics survey before the OMB approval expiration date and are seeking a reinstatement to complete data collection. To better ensure timely completion of the data collection, the Yale CERSI team has shifted responsibility for conducting the survey and other aspects of the study to a Yale Staff Associate Research Scientist.

Based on a review of the information collection since our last request for OMB approval, we have made no adjustments to our burden estimate.

Dated: August 29, 2024.
Lauren K. Roth,
Associate Commissioner for Policy.
[FR Doc. 2024–19865 Filed 9–4–24; 8:45 am]
BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2020–D–1530]

Control of Nitrosamine Impurities in Human Drugs; Guidance for Industry; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of availability.

SUMMARY: The Food and Drug Administration (FDA or Agency) is announcing the availability of a final guidance for industry entitled “Control of Nitrosamine Impurities in Human Drugs.” This guidance recommends steps manufacturers of active pharmaceutical ingredients (APIs) and drug products should take to detect and prevent unacceptable levels of nitrosamine impurities in pharmaceutical products. The guidance describes two general structural classes of nitrosamine impurities: small-molecule nitrosamine impurities (*i.e.*, nitrosamine impurities that do not share structural similarity to the API), and nitrosamine drug substance-related impurities (NDSRIs), which share structural similarity to the API and are generally unique to each API. The potential root causes of small-molecule nitrosamine impurities and NDSRI formation, detection of nitrosamine impurities, and recommendations for risk assessments, testing, and implementation of controls and other appropriate strategies to prevent or reduce the presence of small-molecule nitrosamine impurities and NDSRIs are provided. This guidance revises the final guidance of the same name issued on February 24, 2021.

DATES: The announcement of the guidance is published in the **Federal Register** on September 5, 2024.

ADDRESSES: You may submit either electronic or written comments on Agency guidances at any time as follows:

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else’s Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on <https://www.regulations.gov>.

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see “Written/Paper Submissions” and “Instructions”).

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.
- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked, and identified, as confidential, if submitted as detailed in “Instructions.”

Instructions: All submissions received must include the Docket No. FDA–2020–D–1530 for “Control of Nitrosamine Impurities in Human Drugs; Guidance for Industry; Availability.” Received comments will be placed in the docket and, except for those submitted as “Confidential Submissions,” publicly viewable at <https://www.regulations.gov> or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- **Confidential Submissions**—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states “THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.” The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on <https://www.regulations.gov>. Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as “confidential.” Any information marked as “confidential” will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA’s posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: <https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf>.

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to <https://www.regulations.gov> and insert the docket number, found in brackets in the heading of this document, into the “Search” box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

You may submit comments on any guidance at any time (see 21 CFR 10.115(g)(5)).

Submit written requests for single copies of this guidance to the Division of Drug Information, Center for Drug Evaluation and Research, Food and Drug Administration, 10001 New Hampshire Ave., Hillandale Building,

4th Floor, Silver Spring, MD 20993–0002. Send one self-addressed adhesive label to assist that office in processing your requests. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the guidance document.

FOR FURTHER INFORMATION CONTACT:

Susan Zuk, Center for Drug Evaluation and Research, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 75, Rm. 6684, Silver Spring, MD 20993–0002, 240–402–9133, susan.zuk@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

FDA is announcing the availability of a guidance for industry entitled “Control of Nitrosamine Impurities in Human Drugs.” FDA is issuing this guidance consistent with its good guidance practices (GGP) regulation (§ 10.115 (21 CFR 10.115)). FDA is implementing this guidance without prior public comment because it has determined that prior public participation is not feasible or appropriate (see section 701(h)(1)(C)(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 371(h)(1)(C)(i)) and § 10.115(g)(2)). FDA made this determination because of the importance of providing timely information to manufacturers and applicants regarding nitrosamine impurities, and the resulting recommendations to conduct risk assessments, testing, and other appropriate actions to prevent or reduce the presence of nitrosamine impurities, including NDSRIs, in APIs and drug products. Although this guidance document is immediately in effect, it remains subject to comment in accordance with FDA’s GGP regulation. This guidance recommends steps manufacturers of APIs and drug products should take to detect and prevent unacceptable levels of nitrosamine impurities in pharmaceutical products. The guidance also describes conditions that may introduce nitrosamine impurities. The unexpected finding of nitrosamine impurities, which are possible and probable human carcinogens, in certain drug products has made clear the need for a risk assessment strategy for potential nitrosamines in any pharmaceutical product at risk for their presence.

This guidance revises the final guidance of the same title issued on February 24, 2021. The following changes were made to the guidance:

- The guidance describes two general structural classes of nitrosamine impurities: small-molecule nitrosamine

impurities (*i.e.*, nitrosamine impurities that do not share structural similarity to the API), and NDSRIs, which share structural similarity to the API and are generally unique to each API. NDSRIs are also addressed in the guidance for industry entitled “Recommended Acceptable Intake Limits for Nitrosamine Drug Substance-Related Impurities (NDSRIs),” available at <https://www.fda.gov/media/170794/download>. This revision provides additional information on potential root causes of NDSRI formation, controls, and mitigation strategies to prevent or reduce the presence of NDSRIs. This guidance recommends mitigation strategies to reduce or eliminate nitrosamine impurities, and includes new recommendations for stability data and bioequivalence studies to support approval of drug products reformulated using such strategies.

- The guidance provides new recommendations for implementation of nitrosamine impurity control strategies. The guidance clarifies how manufacturers should assess test results to determine whether specifications for nitrosamine impurities are warranted, and provides recommendations for how to report revised specifications, when and how to contact the Agency, and recommended alternative approaches to establishing total nitrosamine impurity limits.

- This guidance provides a recommended timeline for implementation of the recommendations described within. FDA notes that manufacturers and applicants should have completed the 3-step process for evaluating small molecule nitrosamines in their drug products by October 1, 2023. In addition, due to the more recent discovery of NDSRI impurities, FDA recommends conclusion of confirmatory testing of drug products and submission of changes for approved applications that may have NDSRIs by August 1, 2025.

- To reflect the evolving and highly technical nature of the relevant information, FDA intends to provide certain information in an incorporated web page that will be updated, as appropriate, to provide current information in connection with this guidance, including recommended acceptable intake limits, emerging scientific and technical issues, recommended analytical methods for confirmatory testing of certain nitrosamine impurities, recommended safety testing methods for nitrosamine impurities, and recommended timelines for implementing the mitigation recommendations.

This guidance represents FDA's current thinking on "Control of Nitrosamine Impurities in Human Drugs." It does not establish any rights for any person and is not binding on FDA or the public. You can use an alternative approach if it satisfies the requirements of the applicable statutes and regulations.

II. Paperwork Reduction Act of 1995

While this guidance contains no collection of information, it does refer to previously approved FDA collections of information. The previously approved collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). The collections of information in 21 CFR parts 210 and 211 pertaining to current good manufacturing practice have been approved under OMB control number 0910–0139. The collections of information in 21 CFR part 312 pertaining to investigational new drug applications, including meetings at the "pre-NDA" stage, have been approved under OMB control number 0910–0014. The collections of information in 21 CFR part 314 pertaining to new drug applications, abbreviated new drug applications, amendments and supplemental applications, and formal meetings with FDA about drug development programs have been approved under OMB control number 0910–0001. The collections of information in 21 CFR part 601 pertaining to biologics license applications have been approved under OMB control number 0910–0338. The collections of information pertaining to over-the-counter monograph drug products have been approved under OMB control number 0910–0340. The collections of information pertaining to meetings related to generic drug development, including controlled correspondences, have been approved under OMB control number 0910–0727.

III. Electronic Access

Persons with access to the internet may obtain the guidance at <https://www.fda.gov/drugs/guidance-compliance-regulatory-information/guidances-drugs>, <https://www.fda.gov/regulatory-information/search-fda-guidance-documents>, or <https://www.regulations.gov>.

Dated: August 29, 2024.

Lauren K. Roth,

Associate Commissioner for Policy.

[FR Doc. 2024–19883 Filed 9–4–24; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2024–N–3762]

Agency Information Collection Activities; Proposed Collection; Comment Request; Obtaining Information To Understand Challenges and Opportunities Encountered by Compounding Outsourcing Facilities

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA, Agency, or we) is announcing an opportunity for public comment on the proposed collection of certain information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment in response to the notice. This notice solicits comments on the information collection associated with FDA research in obtaining information from pharmacists and other management at outsourcing facilities and related human prescription drug compounding businesses. The research supports a comprehensive analysis of the outsourcing facility sector that informs ongoing FDA work in this area.

DATES: Either electronic or written comments on the collection of information must be submitted by November 4, 2024.

ADDRESSES: You may submit comments as follows. Please note that late, untimely filed comments will not be considered. The <https://www.regulations.gov> electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of November 4, 2024. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your comment will be made public, you are

solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on <https://www.regulations.gov>.

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see "Written/Paper Submissions" and "Instructions").

Written/Paper Submissions

Submit written/paper submissions as follows:

- **Mail/Hand Delivery/Courier (for written/paper submissions):** Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in "Instructions."

Instructions: All submissions received must include the Docket No. FDA–2024–N–3762 for "Agency Information Collection Activities; Proposed Collection; Comment Request; Obtaining Information to Understand Challenges and Opportunities Encountered by Compounding Outsourcing Facilities." Received comments, those filed in a timely manner (see **ADDRESSES**), will be placed in the docket and, except for those submitted as "Confidential Submissions," publicly viewable at <https://www.regulations.gov> or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- **Confidential Submissions—**To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states "THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION." The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the

claimed confidential information redacted/blacked out, will be available for public viewing and posted on <https://www.regulations.gov>. Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as “confidential.” Any information marked as “confidential” will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA’s posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: <https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf>.

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to <https://www.regulations.gov> and insert the docket number, found in brackets in the heading of this document, into the “Search” box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240-402-7500.

FOR FURTHER INFORMATION CONTACT: Amber Sanford, Office of Operations, Food and Drug Administration, Three White Flint North, 10A-12M, 11601 Landsdown St., North Bethesda, MD 20852, 301-796-8867, PRAStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501–3521), Federal Agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. “Collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, FDA is publishing notice of the proposed collection of information set forth in this document.

With respect to the following collection of information, FDA invites comments on these topics: (1) whether the proposed collection of information is necessary for the proper performance

of FDA’s functions, including whether the information will have practical utility; (2) the accuracy of FDA’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques, when appropriate, and other forms of information technology.

Obtaining Information to Understand Challenges and Opportunities Encountered by Compounding Outsourcing Facilities

OMB Control Number 0910-0883—Extension

This information collection supports FDA research to obtain information about challenges and opportunities pertaining to human prescription drug compounding by outsourcing facilities. Generally, drug compounding is the practice of combining, mixing, or altering ingredients of a drug to create a medication tailored to an individual patient’s needs. Although compounded drugs can serve an important medical need for certain patients when an approved drug is not medically appropriate, compounded drugs also present a risk to patients. Compounded drugs are not FDA-approved; therefore, they do not undergo FDA premarket review for safety, effectiveness, and quality.

Section 503A of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 353a) describes the conditions that must be satisfied for compounded human prescription drug products to be exempt from certain sections of the FD&C Act: (1) section 501(a)(2)(B) of the FD&C Act (21 U.S.C. 351(a)(2)(B)) (current good manufacturing practice (CGMP) requirements); (2) section 502(f)(1) of the FD&C Act (21 U.S.C. 352(f)(1)) (labeling of drugs with adequate directions for use); and (3) section 505 of the FD&C Act (21 U.S.C. 355) (approval of drugs under new drug applications or abbreviated new drug applications).

The Drug Quality and Security Act of 2013 (Pub. L. 113–54) created outsourcing facilities—a new industry sector of drug compounders held to higher quality standards to protect patient health. Section 503B of the FD&C Act (21 U.S.C. 353b) describes the conditions that outsourcing facilities must satisfy for drug products compounded in an outsourcing facility

by or under the direct supervision of a licensed pharmacist to be exempt from the certain sections of the FD&C Act. Outsourcing facilities are intended to offer a more reliable supply of compounded drugs that hospitals, clinics, and other providers need.

FDA continues to find concerning quality and safety problems during inspections of outsourcing facilities. FDA has implemented and will continue to implement programs to support compounding quality and compliance. One initiative is FDA’s Compounding Quality Center of Excellence (Center of Excellence), <https://www.fda.gov/drugs/human-drug-compounding/compounding-quality-center-excellence>, which was developed to focus on improving the quality of compounded human prescription drugs to promote patient safety. One of our top priorities is to help ensure that compounded drugs are safe by focusing on quality. FDA, state regulators, pharmacy associations, and compounders, including outsourcing facilities, share the responsibility of patient safety.

The Center of Excellence engages and collaborates with compounders, including outsourcing facilities, and other stakeholders to improve the overall quality of compounded drugs. Furthermore, the Center of Excellence promotes collaboration to help compounders implement robust quality management systems that are better for business and the safety of patients.

In addition, the Center of Excellence is conducting in depth research to better understand outsourcing facilities’ challenges and opportunities in different areas to help guide decisions regarding future training and other engagement. Outsourcing facilities encounter the following challenges and opportunities: (1) operational barriers and opportunities related to the outsourcing facility market and business viability; (2) knowledge and operational barriers and opportunities related to compliance with Federal policies and good quality drug production; and (3) barriers and opportunities related to outsourcing facility interactions with FDA.

FDA used previous research results under this information collection to develop an understanding of the outsourcing facility sector, the sector’s challenges, and opportunities for advancement. The information collected was an essential tool to help FDA identify knowledge and information gaps, operational barriers, and views on interactions with FDA. FDA has presented this information in public settings such as stakeholder meetings.

Continuing this collection will enable FDA to deepen our understanding of the outsourcing facility sector and increase our efficacy in developing a Center of Excellence that is responsive to outsourcing facilities’ needs. The research results will inform FDA’s future activities for the Center of Excellence in the areas of communication, education, training, and other engagement with outsourcing facilities to address challenges and support advancement.

Researchers engage with pharmacists, staff, and management from outsourcing facilities and similar compounding businesses, and related stakeholders and use surveys to obtain information about outsourcing facilities’ challenges and opportunities. Within this context, we may pose the following questions or similar, related questions:

1. What financial and operational considerations inform outsourcing facility operational and business model decisions?

2. What factors impact developing a sustainable outsourcing facility business?

3. What financial and operational considerations inform outsourcing facility product decisions?

4. Do outsourcing facilities understand the Federal laws and policies that apply to them? What, if any, knowledge gaps do we need to address?

5. What are outsourcing facilities’ challenges when implementing Federal CGMP requirements?

6. How do outsourcing facilities implement quality practices at their facilities?

7. How do outsourcing facilities develop CGMP and quality expertise?

How do they obtain this knowledge, and what training do they need?

8. What are the economic consequences of CGMP noncompliance and product failures for outsourcing facilities?

9. What are outsourcing facility management and staff views on current interactions with FDA? How do they want the interactions to change?

10. What are outsourcing facilities’ understanding of how to engage with FDA during and following an inspection?

Respondents to this information collection are employees at outsourcing facilities and related human prescription drug compounding businesses.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹

Activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Survey Invitation	250	1	250	0.0833 (5 mins)	21
Survey Questionnaire	250	1	250	0.75 (45 mins)	188
Total			500		209

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

The universe of registered outsourcing facilities and related human prescription drug compounding businesses known to the Center of Excellence will be sent a survey invitation. We reduced our estimate of the number of respondents from 300 to 250. We estimate that approximately 250 respondents will receive an invitation to participate in the survey and will spend 5 minutes reading the invitation and considering whether to take the survey, for a total of 20.825 burden hours per year, rounded to 21 hours. Based on our historical experience, we anticipate that all those invited to participate in the survey will complete the survey. We anticipate a slight reduction in burden hours to 45 minutes (0.75 hour) per survey response from our previous estimate of 1 hour per response. We estimate that approximately 250 respondents will spend 45 minutes completing the survey, for a total of 187.5 burden hours per year, rounded to 188 hours.

Based on a review of the information collection since our last request for OMB approval, we have made adjustments to our burden estimate. Our estimated burden for the information

collection reflects an overall decrease of 391 hours and a corresponding decrease of 100 responses. We have also reduced our estimated burden per survey response from 1 hour to 45 minutes.

Dated: August 29, 2024.
Lauren K. Roth,
Associate Commissioner for Policy.
[FR Doc. 2024–19870 Filed 9–4–24; 8:45 am]
BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Allergy and Infectious Diseases; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose

confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Allergy, Immunology, and Transplantation Research Committee.
Date: October 24–25, 2024.
Time: 10:00 a.m. to 6:00 p.m.
Agenda: To review and evaluate grant applications.
Place: National Institute of Allergy and Infectious Diseases, National Institutes of Health, 5601 Fishers Lane, Room 3G51, Rockville, MD 20892 (Video Assisted Meeting).
Contact Person: Thomas F. Conway, Ph.D., Scientific Review Officer, Scientific Review Program, Division of Extramural Activities, Room 3G51, National Institute of Allergy and Infectious Diseases, National Institutes of Health, 5601 Fishers Lane, Room 3G51, Rockville, MD 20892, 240–507–9685, thomas.conway@nih.gov.
(Catalogue of Federal Domestic Assistance Program Nos. 93.855, Allergy, Immunology, and Transplantation Research; 93.856, Microbiology and Infectious Diseases Research, National Institutes of Health, HHS)

Dated: August 30, 2024.

Lauren A. Fleck,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2024–19967 Filed 9–4–24; 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; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Eunice Kennedy Shriver National Institute of Child Health and Human Development Special Emphasis Panel; Using Archived Data and Specimen Collections to Advance Maternal and Pediatric HIV/AIDS Research (R21 Clinical Trial Not Allowed).

Date: October 31, 2024.

Time: 10:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Eunice Kennedy Shriver National Institute of Child Health and Human Development, 6710 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Vera A. Cherkasova, Ph.D., Scientific Review Branch (SRB), Eunice Kennedy Shriver National Institute of Child Health and Human Development, National Institutes of Health, 6710B Rockledge Drive, Room 2137B, Bethesda, MD 20817, (240) 478–4580, vera.cherkasova@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.864, Population Research; 93.865, Research for Mothers and Children; 93.929, Center for Medical Rehabilitation Research; 93.209, Contraception and Infertility Loan Repayment Program, National Institutes of Health, HHS)

Dated: August 30, 2024.

Lauren A. Fleck,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2024–19966 Filed 9–4–24; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Heart, Lung, and Blood Institute; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Heart, Lung, and Blood Institute Special Emphasis Panel; Maximizing Opportunities for Scientific and Academic Independent Careers (MOSAIC) Postdoctoral Career Transition Award to Promote Diversity (K99/R00).

Date: October 4, 2024.

Time: 1:00 p.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Rockledge I, 6705 Rockledge Drive, Bethesda, MD 20892, (Virtual Meeting).

Contact Person: Nawazish Ali Naqvi, Scientific Review Officer, Office of Scientific Review/DERA, National Heart, Lung and Blood Institute, National Institutes of Health, 6705 Rockledge Drive, Room 208–Y, Bethesda, MD 20892, Phone: (301) 827–7911, Email: nawazish.naqvi@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.233, National Center for Sleep Disorders Research; 93.837, Heart and Vascular Diseases Research; 93.838, Lung Diseases Research; 93.839, Blood Diseases and Resources Research, National Institutes of Health, HHS)

Dated: August 29, 2024.

Bruce A. George,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2024–19861 Filed 9–4–24; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Office of the Secretary; Notice of Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of a meeting of the Interagency Autism

Coordinating Committee (IACC or Committee). The meeting will be virtually held and is open to public viewing. The connection information and how to access the meeting will be available on the IACC website (<https://iacc.hhs.gov>). Advanced registration is recommended. Individuals wishing to participate that need special assistance or other reasonable accommodations should submit a request to the Contact Person listed on this notice at least seven (7) business days prior to the meeting.

The purpose of this IACC meeting is to discuss the draft 2024 IACC Strategic Plan Update, which is focused on co-occurring conditions and their impacts on health outcomes in autistic individuals. This draft report summarizes current knowledge of several physical and mental health conditions and identifies additional research, services, and policy needs to improve health outcomes related to these conditions for autistic people in all communities.

Name of Committee: Interagency Autism Coordinating Committee.

Date: September 23, 2024.

Time: 9:00 a.m. to 11:00 a.m.

Agenda: To discuss the 2024 IACC Strategic Plan Update, which is focused on co-occurring conditions and the impacts on health outcomes for autistic individuals.

Place: National Institutes of Health, Neuroscience Center, 6001 Executive Boulevard, Rockville, MD 20852 (Virtual Meeting).

Cost: The meeting is free and open to the public.

Registration: A registration web link will be posted on the IACC website (www.iacc.hhs.gov) prior to the meeting. Pre-registration is recommended.

Contact Person: Ms. Rebecca Martin, Office of National Autism Coordination, National Institute of Mental Health, NIH.

Phone: 301–435–0886.

Email: IACCPublicInquiries@mail.nih.gov.

Technical issues: If you experience any technical problems, please email IACCPublicInquiries@mail.nih.gov.

Disability Accommodations: Closed Captioning is provided by Zoom. Individuals whose full virtual participation in the meeting will require special accommodations (e.g., sign language or interpreting services, etc.) must submit a request to the Contact Person listed on the notice at least seven (7) business days prior to the meeting. Such requests should include a detailed description of the accommodation needed and a way for the IACC to contact the requester if more information is needed to fill the request. Special requests should be made at least seven (7) business days prior to the meeting; last-minute requests may be

made but may not be possible to accommodate.

More Information: Information about the IACC is available on the website: <https://iacc.hhs.gov/>.

Dated: August 30, 2024.

David W. Freeman,

Supervisory Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2024-19965 Filed 9-4-24; 8:45 am]

BILLING CODE 4140-01-P

DEPARTMENT OF HOMELAND SECURITY

[Docket No. CISA-2024-0022]

Agency Information Collection Activities: Program Analysis and Evaluation (PA&E) Office, Stakeholder Engagement Division (SED) Convenings Evaluation

AGENCY: Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security (DHS).

ACTION: 60-Day notice and request for comments; New collection (request for a new OMB control number, 1670-NEW).

SUMMARY: The Office of the Chief Financial Officer (OCFO)/Program Analysis & Evaluation (PA&E) within Cybersecurity and Infrastructure Security Agency (CISA) submits the following Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and clearance.

DATES: Comments are encouraged and will be accepted until November 4, 2024.

ADDRESSES: You may submit comments, identified by docket number Docket # CISA-2024-0022, by following the instructions below for submitting comment via the Federal eRulemaking Portal at <http://www.regulations.gov>.

Instructions: All comments received must include the agency name and docket number Docket # CISA-2024-0022. All comments received will be posted without change to <http://www.regulations.gov>, including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Rebecca Buchanan, 202-765-9903, rebecca.buchanan@cisa.dhs.gov.

SUPPLEMENTARY INFORMATION: The Foundations for Evidence-Based Policymaking Act of 2018 (Pub. L. 115-435), or the Evidence Act, promotes the

use of evidence to inform decision-making and requires federal agencies to undertake activities toward this end. Specifically, the Evidence Act requires agencies to develop Learning Agendas and Annual Evaluation Plans.

The CISA's Learning Agenda questions are documented in the Department of Homeland Security FY 2022-2026 Learning Agenda. In addition, its evaluations are included in the Department's Annual Evaluation Plans, indicating that the Department has recognized those evaluations as "significant." The Stakeholder Engagement Division (SED) Convenings Evaluation is one such significant evaluation and was included in the Department of Homeland Security FY 2023 Annual Evaluation Plan. CISA's PA&E Division and its evaluation services contractor, Guidehouse, are working together to conduct this study.

SED Convenings Evaluation

Trusted, sustained, and effective partnerships between government and the private sector are the foundation of our collective effort to protect the Nation's critical infrastructure. Critical infrastructure are those assets, systems, and networks that provide functions necessary for our way of life. There are 16 critical infrastructure sectors that are part of a complex, interconnected ecosystem and any threat to these sectors could have potentially debilitating national security, economic, and public health or safety consequences. Securing the nation's cyber and physical infrastructure is a shared responsibility that requires a trusted partner relationship network and well-established communications mechanisms to rapidly synchronize activities to respond to, recover from, and mitigate real world threats and incidents.

SED leads CISA's national and international voluntary partnerships and engagements with critical infrastructure stakeholders while serving as the agency's hub for the shared stakeholder information that unifies CISA's approach to whole-of-nation operational collaboration and information sharing. CISA's voluntary partnership model relies on constant feedback and collaboration with critical infrastructure partners. One mechanism to seek this input is through the various convening activities, including Councils, Boards, and Committees, that CISA manages through SED's Council Management subdivision. These convening mechanisms provide structure and an iterative process for bringing government, industry, and academic partners together to drive

whole-of-nation operational collaboration. Other products and services offered to partners include analysis, reports, guidance, trainings, and scenario-based drills developed to help the entire community do their part to raise the security baseline of critical infrastructure's assets, systems, and networks.

This SED Convenings Evaluation will assess the extent to which CISA's convening activities, products, and services (1) provide timely, accurate, and useful information about security and risk resilience, including opportunities for meaningful information exchange between CISA and sector stakeholders; and (2) are accessed and used by stakeholders to enhance their abilities to respond to critical threats and improve strategic decision-making and risk reduction. This study also aims to increase understanding of the best practices for getting stakeholders engaged and building trusted relationships.

This is a new information collection. Information will be collected by CISA PA&E's evaluation services contractor, the Guidehouse team. The potential respondent universe for this evaluation includes individual representatives (approximately 1,000 cyber and physical security, emergency, and business continuity managers) of approximately 300 member organizations from three critical infrastructure sectors [Critical Manufacturing, Commercial Facilities, and Nuclear Reactors, Materials, and Waste (herein referred to as "Nuclear")]. Those who have served as a representative for less than 3 months will be excluded.

The burden for respondents will be minimized by restricting the survey and interview length, by conducting interviews at times convenient for respondents, and by not requiring record-keeping or written responses on the part of the respondents. Some member organizations may be small businesses. The evaluation team will only request information required for the purposes of the evaluation.

Surveys. The survey will be created and sent using Qualtrics, a professional-grade survey software, in order to minimize burden. Using the email addresses of the representatives provided by the SED sector chiefs, the study team will send a link that participants can use to access and complete the survey using a tablet, smartphone, or laptop. Electronic submission will ensure the maximum response rate while also permitting respondents to complete the survey at a time of their own choosing.

The survey will ask questions about the representatives' member organization (size and type); their satisfaction with CISA's convening activities, products, and services; the types of organizational changes made as a result of CISA's convening activities, products, and services; representatives' suggestions for improvement of CISA's convening activities, products, and services; and perceived quality of relationships and engagements with CISA. The survey is designed so that each sector has a customized link with specific questions for that sector to account for some minor differences in the convenings, products, and services that each sector provides. This will help ensure that the members of each sector are asked questions that are most relevant to them.

Interviews. The study team will also conduct a series of virtual interviews with up to 75 participants who complete the online survey and agree to participate in the interview. The study team plans to conduct the in-depth interviews by telephone or via a web-based conference call platform, such as Microsoft Teams. This format should be less burdensome to study participants than in-person interviews since they do not have to host study team members.

The interviews will ask more in-depth information about representatives' reasons for satisfaction or dissatisfaction with CISA's convening activities, products, and services; types of organizational changes made as a result of CISA's convening activities, products, and services; and the quality of relationships with CISA.

Without collecting this information, CISA will not meet the requirements of the Evidence Act to conduct program evaluations—particularly, this SED evaluation, which was included in the Department of Homeland Security FY 2023 Annual Evaluation Plan as a “significant” evaluation. In addition, without collecting this information, SED, other CISA stakeholder engagement programs, and CISA-at-large will not be able to understand whether and how CISA's convening activities, products, and services provide value and utility for stakeholders to enhance their decision-making and risk reduction. Thus, we will not have the information needed to learn how to improve the planning, execution, and delivery of the convenings, products, and services so that they are more meaningful, relevant, timely, and actionable for stakeholders. Without collecting this information, we will also not be able to assess how to best engage and build trusted relationships with stakeholders, which is needed to

identify areas for improvement in how CISA collaborates and interacts with stakeholders to support information exchange within and across sectors.

The Office of Management and Budget is particularly interested in comments which:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
3. Enhance the quality, utility, and clarity of the information to be collected; and
4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

Analysis

Agency: Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security (DHS).

Title: Program Analysis and Evaluation (PA&E) Office, Stakeholder Engagement Division (SED) Convenings Evaluation.

OMB Number: 1670–NEW.

Frequency: Once.

Affected Public: General and operations managers of public and private sectors (e.g., cyber and physical security, emergency, and business continuity managers).

Number of Respondents: 1,000.

Estimated Time per Respondent: 0.17 hrs for 925 respondents (survey only); 1.17 hrs for 75 respondents (survey and interview).

Total Burden Hours: 242.

Annualized Respondent Cost: \$21,858.07.

Total Annualized Respondent Out-of-Pocket Cost: \$0.

Total Annualized Government Cost: \$327,510.00.

Robert J. Costello,

Chief Information Officer, Department of Homeland Security, Cybersecurity and Infrastructure Security Agency.

[FR Doc. 2024–19974 Filed 9–4–24; 8:45 am]

BILLING CODE 9111–LF–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[245A2100DD/AAKC001030/AOA501010.999900]

Land Acquisitions; Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: The Assistant Secretary—Indian Affairs made a final agency determination to acquire 480.46 acres, more or less, of land in trust for the Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California.

DATES: This final determination was made on August 19, 2024.

FOR FURTHER INFORMATION CONTACT: Amy Dutschke, Regional Director, Bureau of Indian Affairs, Pacific Region, 2800 Cottage Way, Room W–2820, Sacramento, CA 95825, *comments@bia.gov*, (916) 978–6000.

SUPPLEMENTARY INFORMATION: On the date listed in the **DATES** section of this notice, the Assistant Secretary—Indian Affairs made a final agency determination to accept land in trust for the Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California under the authority of section 5 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984). The land consists of 480.46 acres, more or less, is situated in the unincorporated area of the County of San Diego, State of California. The legal description is as follows:

Legal Land Description

PARCEL A–1: APN 286–061–02 (PORTION)

THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL A–2: APN 286–061–02 (PORTION)

THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL A–3: APN 286–061–02 (PORTION)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA,

ACCORDING TO THE OFFICIAL PLAT THEREOF, LYING NORTHERLY OF THE CENTER LINE OF COUNTY HIGHWAY COMMISSION, JULIAN ROAD 3-B, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY SURVEYOR OF SAN DIEGO COUNTY.

EXCEPTING FROM PARCEL 3 ABOVE THOSE PORTIONS LYING WITHIN THE LAND DESCRIBED IN PARCELS 1 AND 2 IN DEED TO THE STATE OF CALIFORNIA RECORDED NOVEMBER 13, 1974 AS FILE NO. 74-299706.

PARCEL A-4: APN 286-061-02 (PORTION)

THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL A-5: APN 286-061-03

THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHERLY OF THE NORTHERLY LINE OF THE MAIN PUBLIC HIGHWAY ROUTE NO. 7, DIVISION NO. 1, AS CONVEYED TO SAID COUNTY OF SAN DIEGO BY DEED RECORDED SEPTEMBER 20, 1912 AS FILE NO. 24403 IN BOOK 505, PAGE 131 OF DEEDS. ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED TO THE STATE OF CALIFORNIA RECORDED FEBRUARY 6, 1976 AS FILE NO. 76-035912 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 1; THENCE -1- NORTH 1°44'30" EAST, 737.95 FEET TO THE CENTER LINE OF MAIN PUBLIC HIGHWAY, ROUTE NO. 7, DIVISION NO. 1, AS CONVEYED TO SAID COUNTY OF SAN DIEGO BY DEED RECORDED SEPTEMBER 20, 1912 IN BOOK 505, PAGE 131 OF DEEDS WITH THE RECORDER OF SAID SAN DIEGO COUNTY; THENCE -2- ALONG SAID CENTER LINE SOUTH 81°02'00" EAST, 192.44 FEET; THENCE -3- CONTINUING ALONG SAID CENTER LINE SOUTH 72°48'00" EAST, 195.02 FEET TO AN ANGLE POINT TO THE RIGHT HAVING A DEFLECTION OF 10°32'00" AND SHOWN AS ENGINEER'S STATION 111 PLUS 01.08 ON MAP OF SAID ROUTE NO. 7, DIVISION NO. 1 ON FILE WITH THE SURVEYOR OF SAID SAN DIEGO COUNTY AND THE TRUE POINT OF BEGINNING; THENCE -4- LEAVING SAID CENTER LINE NORTH 21°28' EAST, 25.07 FEET; THENCE -5- SOUTH 74°21'07" EAST, 103.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 955.00 FEET; THENCE -6- FROM A TANGENT THAT BEARS SOUTH 63°50'52" EAST, ALONG THE ARC OF SAID CURVE THROUGH AN ANGLE OF 13°36'13", A

DISTANCE OF 226.74 FEET; THENCE -7- NON-TANGENT TO SAID CURVE NORTH 68°34'24" EAST 55.79 FEET; THENCE -8- SOUTH 82°27'55" EAST, 69.36 FEET; THENCE -9- SOUTH 68°12'52" EAST, 48.97 FEET; THENCE -10- NORTH 86°26'19" EAST, 337.55 FEET; THENCE -11- NORTH 80°12'42" EAST, 131.37 FEET TO THE EASTERLY LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 1; THENCE -12- ALONG SAID EASTERLY LINE SOUTH 01°23'07" WEST, 91.74 FEET; THENCE -13- LEAVING SAID EASTERLY LINE SOUTH 80°12'42" WEST, 223.45 FEET TO THE SOUTHERLY RIGHT OF WAY LINE OF SAID MAIN PUBLIC HIGHWAY; THENCE -14- ALONG SAID SOUTHERLY RIGHT OF WAY LINE SOUTH 66°10' WEST, 154.47 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 224.97 FEET; THENCE -15- ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°34'00" A DISTANCE OF 186.77 FEET; THENCE -16- TANGENT TO SAID CURVE NORTH 64°16'00" WEST, 144.24 FEET; THENCE -17- LEAVING SAID SOUTHERLY LINE ON A NONTANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 1045.00 FEET, FROM A TANGENT THAT BEARS NORTH 76°02'26" WEST, THROUGH A CENTRAL ANGLE OF 5°45'04" A DISTANCE OF 104.89 FEET; THENCE -18- NON-TANGENT TO SAID CURVE NORTH 59°36'24" WEST, 214.96 FEET; THENCE -19- NORTH 21°28' EAST, 25.07 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B-1: APN 286-060-46

PARCEL 2, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS SHOWN AT PAGE 1207 OF PARCEL MAPS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY DECEMBER 24, 1972. EXCEPTING THEREFROM THOSE PORTIONS OF THE EAST HALF OF SECTION 2 IN TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EASTERLY LINE OF THAT CERTAIN 8.97 ACRE PARCEL OF LAND SHOWN ON RECORD OF SURVEY NO. 3776 ON FILE IN THE OFFICE OF THE RECORDER OF SAID COUNTY FROM WHICH ITS NORTHEASTERLY CORNER LIES NORTH 02°19'24" EAST 49.38 FEET; THENCE LEAVING SAID EASTERLY LINE SOUTH 89°28'37" EAST, 179.38 FEET TO A ¾ INCH IRON PIPE; THENCE SOUTH 00°19'22" WEST, 207.42 FEET TO A ¾ INCH IRON PIPE; THENCE NORTH 89°30'46" WEST 186.63 FEET TO THE SAID EASTERLY LINE; THENCE NORTH 02°19'24" EAST, 207.64 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS: (APN 280-060-16)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE WESTERLY HALF OF THE NORTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 1, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, SAID POINT BEING A 2 INCH IRON PIPE WITH DISC STAMPED "LS 2412" AS SHOWN ON RECORD OF SURVEY MAP NO. 23794 FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 4, 2021;

THENCE SOUTHERLY, ALONG THE EASTERLY LINE OF THE WESTERLY HALF OF THE NORTHWEST QUARTER OF SAID SECTION 1, SOUTH 01°15'25" WEST A DISTANCE OF 2,650.58 FEET TO THE SOUTHEAST CORNER OF THE WESTERLY HALF OF THE NORTHWEST QUARTER OF SAID SECTION 1; THENCE WESTERLY, ALONG THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 1, NORTH 89°36'34" WEST A DISTANCE OF 1,328.04 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 1; THENCE NORTHERLY, ALONG THE WESTERLY LINE OF SAID SECTION 1, NORTH 01°44'54" EAST A DISTANCE OF 2,580.61 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 170 FEET, A RADIAL BEARING THROUGH SAID POINT BEARS NORTH 22°50'13" WEST; THENCE ORTHEASTERLY, ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 22°53'33" A DISTANCE OF 67.92 FEET; THENCE SOUTH 89°56'41" EAST A DISTANCE OF 227.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 230 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°38'26" A DISTANCE OF 167.16 FEET TO THE NORTHERLY LINE OF SAID SECTION 1, A RADIAL BEARING THROUGH SAID POINT BEARS SOUTH 41°35'07" EAST; THENCE EASTERLY, ALONG THE NORTHERLY LINE OF SAID SECTION 1, SOUTH 89°21'45" EAST A DISTANCE OF 861.22 FEET TO THE POINT OF BEGINNING.

DESCRIBED LAND CONTAINS 3,468,866 SQUARE FEET/79.634 ACRES (MORE OR LESS)

PARCEL C-1: APN 286-060-28 & 246-160-19

THAT PORTION OF SECTION 35, TOWNSHIP 12 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, AND THOSE PORTIONS OF SECTIONS 1 AND 2, TOWNSHIP 13, SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, ALL BEING IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT ENGINEER'S STATION 500+56.06 B.C. ON THE CENTER

LINE OF COUNTY HIGHWAY COMMISSION JULIAN ROAD 3-B (ALSO KNOWN AS STATE HIGHWAY 78) ACCORDING TO PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY ENGINEER OF SAN DIEGO COUNTY; THENCE ALONG SAID CENTER LINE SOUTH 63°47'17" WEST (RECORD—SOUTH 63°26'00" WEST), 13.88 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL OF LAND SHOWN AS "8.97 ACRE GROSS" ON RECORD OF SURVEY MAP NO. 3776 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE ALONG THE WESTERLY AND NORTHERLY LINES OF SAID "8.97 ACRE GROSS" PARCEL, NORTH 26°12'43" WEST (RECORD—NORTH 26°34'00" WEST), 30.00 FEET; NORTH 06°39'27" WEST, 950.31 FEET (RECORD—NORTH 06°59'50" WEST, 950.56 FEET); AND, SOUTH 89°25'46" EAST, 507.83 FEET (RECORD—SOUTH 89°45'20" EAST, 508.00 FEET) TO THE NORTHEASTERLY CORNER OF SAID "8.97 ACRE GROSS" PARCEL BEING ALSO A POINT ON THE WEST LINE OF THE LAND DESCRIBED IN DEED TO JOHN C. MABEE, A MARRIED MAN, RECORDED DECEMBER 29, 1972 AS FILE NO. 347578; THENCE ALONG THE WESTERLY, NORTHWESTERLY AND NORTHERLY BOUNDARIES OF SAID MABEE'S LAND AS FOLLOWS: NORTH 02°06'01" EAST, 2536.82 FEET TO A POINT OF INTERSECTION WITH A 230.00 FOOT RADIUS CURVE CONCAVE NORTHERLY, A RADIAL THROUGH SAID POINT BEARS NORTH 01°31'25" EAST, SAID POINT ALSO BEING THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 2; NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 43°31'32" A DISTANCE OF 174.72 FEET; NORTH 48°00'00" EAST, 846.60 FEET TO A POINT OF TANGENCY OF A 230.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 07°30'00" A DISTANCE OF 30.11 FEET; NORTH 40°30'00" EAST, 736.89 FEET TO A POINT OF TANGENCY OF A 170.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY; NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°32'19" A DISTANCE OF 146.98 FEET; SOUTH 89°57'41" EAST, 227.23 FEET TO A POINT OF TANGENCY OF A 230.00 FOOT RADIUS CURVE CONCAVE NORTHERLY; AND NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°37'16" A DISTANCE OF 167.08 FEET TO A POINT ON THE NORTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 1; THENCE ALONG THE NORTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 1, NORTH 89°22'38" WEST, 190.00 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 35 AND NORTH 89°57'41" WEST, 253.91 FEET TO THE NORTHEAST CORNER OF SAID SECTION 2; THENCE ALONG THE NORTHERLY LINE OF SAID SECTION 2,

NORTH 89°42'32" WEST, 1064.93 FEET TO THE SOUTHEAST CORNER OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 35; THENCE ALONG THE EASTERLY LINE OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 35, NORTH 00°48'27" EAST, 2620.67 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 35; THENCE ALONG THE EASTERLY LINE OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 35, NORTH 00°49'27" EAST 600.00 FEET; THENCE WEST 650.00 FEET; THENCE SOUTH 60°10'39" WEST, 298.49 FEET TO A POINT ON THE ARC OF A 1530.00 FOOT RADIUS CURVE CONCAVE WESTERLY A RADIAL LINE OF WHICH BEARS SOUTH 89°24'14" EAST TO SAID POINT; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°21'43" A DISTANCE OF 250.00 FEET; THENCE SOUTH 09°57'29" WEST, 1608.66 FEET TO THE BEGINNING OF A TANGENT 230.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 53°48'06" A DISTANCE OF 215.97 FEET TO THE BEGINNING OF A REVERSE 30.00 FOOT RADIUS CURVE CONCAVE EASTERLY A RADIAL LINE OF WHICH BEARS SOUTH 26°14'25" EAST FROM SAID POINT; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 85°57'08" A DISTANCE OF 45.00 FEET TO THE BEGINNING OF A REVERSE 980.00 FOOT RADIUS CURVE CONCAVE WESTERLY A RADIAL LINE OF WHICH BEARS SOUTH 67°48'27" WEST FROM SAID POINT; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 38°33'05" A DISTANCE OF 659.39 FEET; THENCE SOUTH 16°21'32" WEST, 161.87 FEET TO THE WESTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, BEING A POINT HEREIN DESIGNATED AS POINT "A"; THENCE ALONG SAID WESTERLY LINE SOUTH 00°34'33" WEST, 225.86 FEET TO THE NORTHERLY LINE OF SAID SECTION 2; THENCE ALONG SAID NORTHERLY LINE NORTH 89°42'32" WEST, 63.93 FEET TO THE NORTHERLY TERMINUS OF THE EASTERLY LINE OF THAT CERTAIN 60.00 FOOT WIDE EASEMENT FOR ROAD PURPOSES DESCRIBED IN PARCEL 1 IN DEED TO WILLIAM G. SIMMONS, JR., ET UX, RECORDED JULY 21, 1975 AS FILE NO. 75-188026; THENCE ALONG THE EASTERLY LINE OF SAID EASEMENT AS FOLLOWS: SOUTH 16°21'32" WEST 359.64 FEET TO THE BEGINNING OF A TANGENT 1170.00 FOOT RADIUS CURVE CONCAVE EASTERLY; SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 14°43'28" A DISTANCE OF 300.68 FEET; SOUTH 01°38'04" WEST, 1273.99 FEET TO THE BEGINNING OF A TANGENT 670.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL

ANGLE OF 30°11'36" A DISTANCE OF 353.07 FEET; SOUTH 28°33'32" EAST, 730.76 FEET TO THE BEGINNING OF A TANGENT 230.00 FOOT RADIUS CURVE CONCAVE WESTERLY; SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 42°19'26" A DISTANCE OF 169.90 FEET; SOUTH 13°45'54" WEST, 401.05 FEET TO THE BEGINNING OF A TANGENT 270.00 FOOT RADIUS CURVE CONCAVE EASTERLY; SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 29°02'37" A DISTANCE OF 136.86 FEET; SOUTH 15°16'43" EAST, 253.65 FEET TO THE BEGINNING OF A 330.00 FOOT RADIUS CURVE CONCAVE WESTERLY; SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 34°04'00" A DISTANCE OF 196.21 FEET; SOUTH 18°47'17" WEST, 367.12 FEET TO THE BEGINNING OF A 270.00 FOOT RADIUS CURVE CONCAVE EASTERLY; SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 45°00'00" A DISTANCE OF 212.06 FEET; SOUTH 26°12'43" EAST, 380.74 FEET TO THE BEGINNING OF A TANGENT 40.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY WHICH IS ALSO TANGENT WITH THE NORTH LINE OF SAID STATE HIGHWAY 78; THENCE SOUTHERLY AND EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" A DISTANCE OF 62.83 FEET TO THE NORTH LINE OF SAID STATE HIGHWAY 78; THENCE SOUTH 26°12'43" EAST, 30.00 FEET TO THE CENTER LINE OF SAID STATE HIGHWAY 78; THENCE ALONG SAID CENTER LINE NORTH 63°47'17" EAST, 280.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL C-2

AN EASEMENT FOR ROAD PURPOSES OVER AND ACROSS A STRIP OF LAND 60.00 FEET IN WIDTH LYING WITHIN THE EAST HALF OF SECTION 2, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, THE CENTER LINE OF SAID 60.00 FOOT WIDE STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT ENGINEER'S STATION 500+56.06 B.C. ON THE CENTER LINE OF COUNTY HIGHWAY COMMISSION JULIAN ROAD 3-B (ALSO KNOWN AS STATE HIGHWAY 78) ACCORDING TO PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY ENGINEER OF SAN DIEGO COUNTY; THENCE ALONG SAID CENTER LINE, SOUTH 63°47'17" WEST (RECORD—SOUTH 63°26'00" WEST), 363.88 FEET; THENCE NORTH 26°12'43" WEST, 30.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 26°12'43" WEST, 420.74 FEET TO THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE, CONCAVE EASTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 45°00'00" A DISTANCE OF 235.62 FEET; THENCE

TANGENT TO SAID CURVE NORTH 18°47'17" EAST, 367.12 FEET TO THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE CONCAVE WESTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 34°04'00" A DISTANCE OF 178.37 FEET; THENCE TANGENT TO SAID CURVE NORTH 15°16'43" WEST, 253.65 FEET TO THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE, CONCAVE EASTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 29°02'37" A DISTANCE OF 152.07 FEET; THENCE TANGENT TO SAID CURVE NORTH 13°45'54" EAST, 401.05 FEET TO THE BEGINNING OF A TANGENT 200.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 42°19'26" A DISTANCE OF 147.74 FEET; THENCE TANGENT TO SAID CURVE NORTH 28°33'32" WEST, 730.76 FEET TO THE BEGINNING OF A TANGENT 700.00 FOOT RADIUS CURVE, CONCAVE EASTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 30°11'36" A DISTANCE OF 368.88 FEET TO A LINE DRAWN PARALLEL WITH AND 30.00 FEET EASTERLY FROM THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE ALONG SAID PARALLEL LINE NORTH 01°38'04" EAST, 1273.99 FEET TO THE BEGINNING OF A TANGENT 1200.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 14°43'28" A DISTANCE OF 308.39 FEET; THENCE TANGENT TO SAID CURVE NORTH 16°21'32" EAST, 351.00 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 2 DISTANT THEREON SOUTH 89°42'32" EAST, 158.66 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 2. THE SIDELINES OF SAID 60.00 FOOT STRIP TO BE PROLONGED OR SHORTENED SO AS TO TERMINATE IN THE NORTH LINE OF SAID SECTION 2.

PARCEL C-3

AN EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, WHICH LIES EASTERLY OF THE HEREIN ABOVE DESCRIBED PARCEL 2, NORTHERLY OF SAID STATE HIGHWAY 78 AND SOUTHERLY OF THE ARC OF A 40.00 FOOT RADIUS CURVE WHICH IS TANGENT TO THE EASTERLY LINE OF SAID PARCEL 2 AND SAID NORTHERLY LINE OF SAID STATE HIGHWAY 78.

PARCEL C-4

AN EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 2,

TOWNSHIP 13 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, WHICH LIES WESTERLY OF THE HEREINABOVE DESCRIBED PARCEL 2, NORTHERLY OF SAID STATE HIGHWAY 78 AND SOUTHERLY OF THE ARC OF A 40.00 FOOT RADIUS CURVE WHICH IS TANGENT TO THE WESTERLY LINE OF SAID PARCEL 2 AND SAID NORTHERLY LINE OF SAID STATE HIGHWAY 78.

PARCEL C-5

AN EASEMENT FOR ROAD PURPOSES OVER AND ACROSS A STRIP OF LAND 60.00 FEET IN WIDTH LYING WITHIN SECTION 35, TOWNSHIP 12 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, THE EASTERLY LINE OF SAID STRIP OF LAND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID SECTION 35 THEREON NORTH 89°42'32" WEST 63.93 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 35, SAID POINT BEING THE NORTHERLY TERMINUS OF THE CENTER LINE OF THE HEREINABOVE DESCRIBED PARCEL 2; THENCE NORTH 16°21'32" EAST, 235.04 FEET TO A POINT ON THE WESTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, SAID POINT BEING POINT "A" AS DESIGNATED IN THE HEREINABOVE DESCRIBED PARCEL 1; THENCE ALONG THE WESTERLY BOUNDARY OF THE HEREINABOVE DESCRIBED PARCEL 1 AS FOLLOWS: NORTH 16°21'32" EAST, 161.87 FEET TO THE BEGINNING OF A TANGENT 980.00 FOOT RADIUS CURVE CONCAVE WESTERLY; NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 38°33'05" A DISTANCE OF 659.39 FEET TO THE BEGINNING OF A REVERSE 30.00 FOOT RADIUS CURVE CONCAVE EASTERLY A RADIAL LINE OF WHICH BEARS SOUTH 67°48'27" WEST TO SAID POINT; NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 85°57'08" A DISTANCE OF 45.00 FEET TO THE BEGINNING OF A REVERSE 230.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY A RADIAL LINE OF WHICH BEARS SOUTH 26°14'25" EAST TO SAID POINT; NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 53°48'06" A DISTANCE OF 215.97 FEET; NORTH 09°57'29" EAST, 1608.66 FEET TO THE BEGINNING OF A TANGENT 1530.00 FOOT RADIUS CURVE CONCAVE WESTERLY; AND NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°21'43" A DISTANCE OF 250.00 FEET TO THE NORTHWEST CORNER OF THE HEREINABOVE DESCRIBED PARCEL 1. THE SIDELINES OF SAID 60.00 FOOT STRIP TO BE PROLONGED OR SHORTENED SO AS TO

TERMINATE SOUTHERLY IN THE SOUTHERLY LINE OF SAID SECTION 35.

Authority: This notice is published in the exercise of authority delegated by the Secretary of the Interior to the Assistant Secretary—Indian Affairs by 209 Departmental Manual 8.1 and is published to comply with the requirements of 25 CFR 151.12 (c)(2)(ii) that notice of the decision to acquire land in trust be promptly provided in the **Federal Register**.

Wizipan Garriott,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising by delegation the authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2024–19926 Filed 9–4–24; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[245A2100DD/AAKC001030/
A0A501010.999900]

Indian Gaming; Approval of Tribal-State Class III Gaming Compact Amendment Between the Snoqualmie Indian Tribe and the State of Washington

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: This notice publishes the approval of the Sixth Amendment to the Tribal-State Compact for Class III Gaming between the Snoqualmie Indian Tribe and the State of Washington.

DATES: The Amendment takes effect on September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Ms. Paula L. Hart, Director, Office of Indian Gaming, Office of the Assistant Secretary—Indian Affairs, Washington, DC 20240, IndianGaming@bia.gov; (202) 219–4066.

SUPPLEMENTARY INFORMATION: Under section 11 of the Indian Gaming Regulatory Act (IGRA), Public Law 100–497, 25 U.S.C. 2701 *et seq.*, the Secretary of the Interior shall publish in the **Federal Register** notice of approved Tribal-State compacts for the purpose of engaging in Class III gaming activities on Indian lands. As required by 25 CFR 293.4, all compacts and amendments are subject to review and approval by the Secretary. The Amendment makes technical changes to internal controls governing the handling of cashiers assets within the cage bank.

The Amendment is approved.

Wizipan Garriott,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising by Delegation the Authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2024–19947 Filed 9–4–24; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[245A2100DD/AAKC001030/
A0A501010.999900]

Indian Gaming; Approval of Tribal-State Class III Gaming Compact Between the Upper Sioux Community and the State of Minnesota for Blackjack

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: This notice publishes the approval of the Addendum to Tribal-State Compact for Control of Class III Blackjack on the Upper Sioux Community Reservation in Minnesota for Class III Card Games.

DATES: The compact takes effect on September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Ms. Paula L. Hart, Director, Office of Indian Gaming, Office of the Assistant Secretary—Indian Affairs, Washington, DC 20240, IndianGaming@bia.gov; (202) 219–4066.

SUPPLEMENTARY INFORMATION: Under section 11 of the Indian Gaming Regulatory Act (IGRA), Public Law 100–497, 25 U.S.C. 2701 *et seq.*, the Secretary of the Interior shall publish in the **Federal Register** notice of approved Tribal-State compacts for the purpose of engaging in Class III gaming activities on Indian lands. As required by 25 CFR 293.4, all compacts and amendments are subject to review and approval by the Secretary. The Amendment authorizes Class III card games in addition to blackjack, adds definitions, regulatory standards for Class III card games, background investigations, and provisions for enforcement and dispute resolution. The Amendment is approved.

Wizipan Garriott,

Principal Deputy Assistant Secretary—Indian Affairs Exercising by Delegation the Authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2024–19946 Filed 9–4–24; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[245A2100DD/AAKC001030/
A0A501010.999900]

Land Acquisitions; Jamul Indian Village of California

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: The Assistant Secretary—Indian Affairs made a final agency determination to acquire .838 acres, more or less, of land in trust for the Jamul Indian Village of California.

DATES: This final determination was made on July 19, 2024.

FOR FURTHER INFORMATION CONTACT: Amy Dutschke, Regional Director, Bureau of Indian Affairs, Pacific Region, 2800 Cottage Way, Room W–2820, Sacramento, CA 95825, comments@bia.gov, (916) 978–6000.

SUPPLEMENTARY INFORMATION: On the date listed in the **DATES** section of this notice, the Assistant Secretary—Indian Affairs made a final agency determination to accept land in trust for the Jamul Indian Village of California under the authority of section 5 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984). The land consists of .838 acres, more or less, and is in the unincorporated area of the County of San Diego, State of California. The legal description is as follows:

Legal Land Description

That portion of Rancho Jamul described in Deed to Roman Catholic Bishop of Monterey and Los Angeles recorded September 12, 1912 in Book 567, Page 332, in the Office of the County Recorder of San Diego County, California more particularly described as follows: Commencing at Rancho Jamul Corner No. 16; thence N. 88°42′ E. (S. 88°42′ E. per Record of Survey Map Nos. 8138, 8756, 9173, and Land Survey No. 430), 739.37 feet to the true point of beginning as shown on the Record of Survey Map No. 8138, filed December 2, 1976 in the Office of the County Recorder of San Diego County, California; thence S. 1°18′ W, 111.77'; thence S. 87°55'38" W, 65.81; thence S. 44°51'38" W, 88.60'; thence S. 1°19.25' W, 59.80'; thence N. 88°41'06" W., 83.66 feet; thence N. 1°24'08" E., 239.63'; thence N. 88°42′ E. (S. 88°42′ E. per Record of Survey Map Nos. 8138, 8756, 9173, and Land Survey No. 430), 210 feet to the true point of beginning, containing 0.838 acre more or less.

Authority: This notice is published in the exercise of authority delegated by the Secretary of the Interior to the Assistant Secretary—Indian Affairs by 209 Departmental Manual 8.1 and is published to comply with the

requirements of 25 CFR 151.12 (c)(2)(ii) that notice of the decision to acquire land in trust be promptly provided in the **Federal Register**.

Wizipan Garriott,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising by delegation the authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2024–19924 Filed 9–4–24; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[245A2100DD/AAKC001030/
A0A501010.999900]

Land Acquisitions; Jamul Indian Village of California

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: The Assistant Secretary—Indian Affairs made a final agency determination to acquire 4.23 acres, more or less, of land in trust for the Jamul Indian Village of California.

DATES: This final determination was made on August 19, 2024.

FOR FURTHER INFORMATION CONTACT: Amy Dutschke, Regional Director, Bureau of Indian Affairs, Pacific Region, 2800 Cottage Way, Room W–2820, Sacramento, CA 95825, comments@bia.gov, (916) 978–6000.

SUPPLEMENTARY INFORMATION: On the date listed in the **DATES** section of this notice, the Assistant Secretary—Indian Affairs made a final agency determination to accept land in trust for the Jamul Indian Village of California under the authority of section 5 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984). The land consists of 4.23 acres, more or less, and is situated in the County of San Diego, State of California. The legal description is as follows:

Legal Land Description

All that portion of the Fractional Southwest quarter of section 10, Township 17 South, Range 1 East, San Bernardino Meridian, according to the U.S. Government Survey thereof, in the County of San Diego, State of California, more particularly described as follows:

Commencing at corner No. 16 of Rancho Jamul according to the record of Survey thereof No. 695, filed in the office of the County Recorder of San Diego; thence South 88°23'30" East along the Northerly line of said Rancho Jamul a distance of 1242.57 feet to the true point of beginning; thence continuing South 88°23'30" East along said Northerly line a distance of 671.25 feet to the Southwesterly line of Highway Route 16,

Division No. 2, also known as Campo Road and State Highway 94; thence Northwesterly along said Southwesterly line the following courses: North 47°30'30" West, 291.96 feet; North 46°30'30" West, 264.02 feet; North 61°03'30" West, 123.75 feet; North 47°57'30" West, 189.19 feet; thence leaving said Southwesterly line South 01°36'30" West, 546.89 feet to the true point of beginning.

Authority: This notice is published in the exercise of authority delegated to the Secretary of the Interior to the Assistant Secretary—Indian Affairs by 209 Departmental Manual 8.1 and is published to comply with the requirements of 25 CFR 151.12 (c)(2)(ii) that notice of the decision to acquire land in trust be promptly provided in the **Federal Register**.

Wizipan Garriott,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising by delegation the authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2024–19925 Filed 9–4–24; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

[245D0102DM. DS62400000.
DLSN00000.000000. DX62401; OMB Control
Number 1084–0034]

Agency Information Collection Activities; Documenting, Managing, and Preserving Department of the Interior Museum Collections Housed in Non-Federal Repositories

AGENCY: Office of Acquisition and
Property Management, Interior.

ACTION: Notice of information collection;
request for comment.

SUMMARY: In accordance with the
Paperwork Reduction Act of 1995, we,
the Office of Acquisition and Property
Management, Office of the Secretary,
Department of the Interior are proposing
to renew an information collection with
revisions.

DATES: Interested persons are invited to
submit comments on or before October
7, 2024.

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. Please provide a copy
of your comments to Rochelle Bennett,
Office of Acquisition and Property
Management, Department of the
Interior, 1849 C Street NW, MS 4262–

MIB, Washington, DC 20240; or by
email to Rochelle_Bennett@ios.doi.gov.
Please reference OMB Control Number
1084–0034 in the subject line of your
comments.

FOR FURTHER INFORMATION CONTACT: To
request additional information about
this ICR, contact Rochelle Bennett by
email at Rochelle_Bennett@ios.doi.gov,
or by telephone at 202–513–7564.
Individuals in the United States who are
deaf, deafblind, hard of hearing, or have
a speech disability may dial 711 (TTY,
TDD, or TeleBraille) to access
telecommunications relay services.
Individuals outside the United States
should use the relay services offered
within their country to make
international calls to the point-of-
contact in the United States. You may
also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In
accordance with the Paperwork
Reduction Act of 1995 (PRA, 44 U.S.C.
3501 *et seq.*) and 5 CFR 1320.8(d)(1), we
provide the general public and other
Federal agencies with an opportunity to
comment on new, proposed, revised,
and continuing collections of
information. This helps us assess the
impact of our information collection
requirements and minimize the public's
reporting burden. It also helps the
public understand our information
collection requirements and provide the
requested data in the desired format.

A **Federal Register** notice with a 60-
day public comment period soliciting
comments on this collection of
information was published on May, 10,
2024 (89 FR 40502). No comments were
received.

As part of our continuing effort to
reduce paperwork and respondent
burdens, we are again soliciting
comments from the public and other
Federal agencies on the proposed ICR
that is described below. We are
especially interested in public comment
addressing the following:

- (1) Whether or not the collection of
information is necessary for the proper
performance of the functions of the
agency, including whether or not the
information will have practical utility;
- (2) The accuracy of our estimate of the
burden for this collection of
information, including the validity of
the methodology and assumptions used;
- (3) Ways to enhance the quality,
utility, and clarity of the information to
be collected; and
- (4) How might the agency minimize
the burden of the collection of
information on those who are to
respond, including through the use of
appropriate automated, electronic,

mechanical, or other technological
collection techniques or other forms of
information technology, *e.g.*, permitting
electronic submission of response.

Comments that you submit in
response to this notice are a matter of
public record. Before including your
address, phone number, email address,
or other personal identifying
information in your comment, you
should be aware that your entire
comment—including your personal
identifying information—may be made
publicly available at any time. While
you can ask us in your comment to
withhold your personal identifying
information from public review, we
cannot guarantee that we will be able to
do so.

Abstract: The Department of the
Interior (DOI) manages an estimated 75
million museum objects and over 92
thousand linear feet of archives in trust
for the American public. This diverse
collection consists of archaeological
artifacts, archives, biological specimens,
ethnographic objects, fine arts,
geological specimens, historic objects,
and paleontological specimens owned
and managed by DOI bureaus and
offices (bureaus). Although the majority
of DOI museum collections are housed
in DOI bureau facilities, at least 10
percent are located at more than 1,000
non-Federal repositories, primarily state
and tribal institutions, museums, and
university departments. Most of DOI
museum collections housed in non-
Federal repositories resulted from
projects on Federal lands, and include
objects from the disciplines of
archaeology, biology, geology, and
paleontology, as well as associated
project documentation (archives or
associated records). This information
collection request is directed to these
non-Federal repositories that house DOI
museum collections.

DOI museum collections cared for in
non-Federal repositories are established
as Federal property under Federal law.
Permits and other agreements for the
collection of artifacts and specimens
from public lands managed by DOI
further affirm Federal ownership.
Federal regulations and DOI policy
require that all permittees (authorized
individuals) conducting research or
performing compliance activities on
DOI-managed lands must ensure that
any retained museum objects and
archives collected or generated during a
project are: (1) accessioned and
cataloged according to DOI standards in
the Interior Collection Management
System (ICMS), its successor the
Museum Collection Management
System (MCMS), or another collection
management system from which the

necessary data can be imported into ICMS or MCMS; and (2) housed in an appropriate museum repository that meets professional and DOI museum standards. These requirements help to establish and maintain accountability, as well as ensure the collections' long-term preservation, protection, and availability for access and use.

Upon request by DOI bureaus, voluntary submittal of the information identified below from non-Federal repositories supports DOI's management of its museum collections, as well as compliance with the Native American Graves Protection and Repatriation Act (NAGPRA) where applicable. DOI bureaus may request information within the following categories:

(1) Museum records created to manage DOI museum collections, such as accession, catalog, inventory, loan, and deaccession records, and backups of collection management systems or other software/programs. (REVISED)

(2) Associated records/archives generated by the activity of collecting and analyzing DOI museum collections. (NEW)

(3) Access and use of DOI museum collections, such as use requests, analyses, physical and virtual exhibits, online catalogs and finding aids, presentations, and publications resulting from use. (NEW)

(4) Objects newly identified as under DOI ownership and possible Native American Graves Protection and Repatriation Act (NAGPRA) human remains or cultural items in DOI museum collections. (NEW)

(5) Improved management and care recommendations, including considerations for Duty of Care requirements consistent with NAGPRA. (NEW)

(6) Reports of damaged, deteriorated, missing, or stolen objects. (NEW)

(7) Core management and planning documents, such as scope of collection statement, emergency management, integrated pest management, security, and housekeeping plans. (NEW)

(8) Partnerships, funding, or commercial sponsorships that may involve DOI museum collections. (NEW)

(9) *Facility Checklist for Spaces Housing DOI Museum Property (Checklist)* to capture current environmental, security, and other management controls in place to document and safeguard DOI museum collections and provide recommendations for improvements. (EXISTING)

(10) *Input on Collections from Lands Administered by the U.S. Department of the Interior that are Located at Non-Federal Facilities (Input Form)* to query

a limited range of information about the repository, scope and types of DOI museum collections in the repository, DOI bureaus with which the collections are associated, status of documentation and NAGPRA compliance, and availability of objects and archives for research and other uses. (EXISTING)

The expanded categories of information identified above provide a more accurate representation of the information that DOI bureaus may ask non-Federal repositories to voluntarily provide on DOI museum collections. The proposed changes in this information collection request also include elimination of the three instruction sheets for accession, catalog, and inventory information included in previous iterations, as that information is captured in a revised category identified above.

Title of Collection: Documenting, Managing, and Preserving Department of the Interior Museum Collections Housed in Non-Federal Repositories.

OMB Control Number: 1084–0034.

Form Number: None.

Type of Review: Revision of a currently approved collection.

Respondents/Affected Public: Museums; academic, cultural, and research institutions; and state, tribal, and local agencies and institutions.

Total Estimated Number of Annual Respondents: 425.

Total Estimated Number of Annual Responses: 425.

Estimated Completion Time per Response: Varies from 3 to 34 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 8,475.

Respondent's Obligation: Voluntary.

Frequency of Collection: Maximum of once per year per collection instrument, and likely less frequently.

Total Estimated Annual Nonhour Burden Cost: None.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Megan Olsen,

Director, Office of Acquisition and Property Management.

[FR Doc. 2024–19858 Filed 9–4–24; 8:45 am]

BILLING CODE 4334–63–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–599]

Distributional Effects of Trade and Trade Policy on U.S. Workers, 2026 Report

AGENCY: International Trade Commission.

ACTION: Notice of scheduling of community conversations and a symposium in connection with the investigation.

SUMMARY: The Commission has established a schedule and procedure, set forth below, for conducting community-based open conversations, which will include roundtables, focus group meetings, and small-group conversations, among other events, and a symposium in connection with this investigation. The Commission will hold six virtual roundtable discussions between January 15 and February 12, 2025; in-person roundtables and focus group meetings during March–May 2025; and an academic symposium on June 5–6, 2025. Additional in-person and virtual events may be held during October 2024–May 2025.

These events will focus on the potential distributional effects of goods and services trade and trade policy on U.S. workers and underrepresented and underserved communities, including but not limited to examining distributional effects by race and ethnicity; gender; gender identity and orientation; age; and skill, wage, and income, as well as effects on persons with disabilities, persons who live in rural areas or urban areas and persons otherwise adversely affected by persistent poverty, and members of religious minorities. The events will afford an opportunity for interested persons to present information and views relating to the investigation, and the academic symposium will afford an opportunity for researchers and data experts to present work relevant to the investigation.

DATES: *Relating to the virtual roundtables:*

January 8, 2025: Deadline for submitting requests to participate in the Roundtable on Gender and Gender Identity

January 15: Roundtable on Gender and Gender Identity

January 15: Deadline for submitting requests to participate in the Roundtable on Skill, Wage, and Income

January 22: Roundtable on Skill, Wage, and Income

January 22: Deadline for submitting requests to participate in the Roundtable on Age and Disability
January 29: Roundtable on Age and Disability

January 29: Deadline for submitting requests to participate in the Roundtable on Race and Ethnicity

February 5: Roundtable on Race and Ethnicity

February 5: Deadline for submitting requests to participate in the Roundtable on Rural Persistent Poverty

February 5: Deadline for submitting requests to participate in the Roundtable on Urban Persistent Poverty

February 10: Roundtable on Rural Poverty

February 12: Roundtable on Urban Poverty

Relating to other community-based open conversations:

The USITC is planning to hold in-person community conversations in the vicinity of five U.S. cities during March-May 2025:

March 2025: Tulsa, OK

April 2025: El Paso, TX

April 2025: Seattle, WA

May 2025: Youngstown, OH

May 2025: Atlanta, GA

Additional in-person and virtual events may be held during October 2024–May 2025. Dates for these events will be posted on the USITC investigation-specific web page, found at https://www.usitc.gov/research_and_analysis/ongoing/distributional_effects_332, as they become available.

Relating to the academic symposium:
April 15: Deadline for requests to participate

June 5–6: Washington, DC (virtual and in person)

Relating to written submissions:

July 11: Deadline for receipt of written submissions and summaries to written submissions.

All dates are subject to change, and events may be removed or added to the calendar as issues and opportunities arise. For the most up-to-date information on investigation events, please see the USITC investigation-specific web page at https://www.usitc.gov/research_and_analysis/ongoing/distributional_effects_332.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. The

public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

FOR FURTHER INFORMATION CONTACT:

Project Leader Saad Ahmad (202–205–3331 or saad.ahmad@usitc.gov), Deputy Project Leader Theron Gray (202–205–3132 or theron.gray@usitc.gov), Co-Community-Based Open Conversations Coordinator Tamar Khachaturian (202–205–3299 or tamar.khachaturian@usitc.gov) or Co-Community-Based Open Conversations Coordinator Jennifer Powell (202–205–3450, Jennifer.powell@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact Brian Allen (202–205–3034 or brian.allen@usitc.gov) or William Gearhart (202–205–3091 or william.gearhart@usitc.gov) of the Commission's Office of the General Counsel. The media should contact Jennifer Andberg, Office of External Relations (202–205–3404 or jennifer.andberg@usitc.gov). Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its website (<https://www.usitc.gov>). 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.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) on July 12, 2003, following receipt on January 25, 2023, of a request from the U.S. Trade Representative. The Commission published notice of its investigation in the **Federal Register** on July 12, 2023 (86 FR 67970).

The Trade Representative, referring to the Commission's 2022 report (USITC, *Distributional Effects of Trade and Trade Policy on U.S. Workers*, Investigation No. 332–587, USITC Publication 5374, October 2022, <https://www.usitc.gov/sites/default/files/publications/332/pub5374.pdf>), requested that the Commission, building on that report, conduct a further investigation on the potential distributional effects of goods and services trade and trade policy on U.S. workers and underrepresented and underserved communities. The Trade Representative requested that the Commission prepare a series of five reports that synthesize and critically

review information on this topic. The Trade Representative asked that the Commission deliver the first of these reports on January 20, 2026, and deliver the remaining reports at 3-year intervals, on January 20, 2029; January 20, 2032; January 20, 2035; and January 20, 2038. The Commission will institute investigations and publish notices of investigation relating to the remaining reports at the appropriate time.

The Trade Representative asked that the Commission, in identifying these effects, gather information through:

1. Community-based open conversations targeted to the interests and concerns of specific underrepresented and underserved demographic and geographic communities. These conversations may take a variety of forms (including, but not limited to, group discussions and informal one-on-one interviews) and may be on- or off-the-record. They should include individual community members, workers, and representatives of organizations that represent and serve specific underrepresented and underserved communities. Other participants could include members or representatives of think tanks; academic and other research institutions; labor unions; State and local governments; non-Federal governmental entities; civil society organizations; community-based stakeholders such as minority-owned businesses; business incubators; Historically Black Colleges and Universities (HBCUs); Hispanic-Serving Institutions (HSIs); Tribal Colleges and Universities (TCUs); Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs); other Minority-Serving Institutions (MSIs); community colleges; and local and national civil rights organizations;

2. A symposium focused on academic or similar research on the distributional effects of trade and trade policy on underrepresented and underserved communities, including results of existing analysis, evaluation of methodologies, the use of public and restricted data in current analysis, identification of gaps in data and/or in the economic literature, and proposed analysis that could be done with restricted data; and

3. Economic literature on the distributional effects of trade and trade policy on underrepresented and underserved communities including, among other things, the data limitations raised in these analyses.

Persons participating in the academic symposium and community-based open conversations should not include confidential business information (CBI) in any written submissions, statements,

or presentations intended for use at these events.

Community-based open conversations: The Commission will hold multiple events for the purpose of seeking information and views from representatives of U.S. workers and underrepresented and underserved communities on the distributional effects of trade and trade policy by race and ethnicity; gender; gender identity and orientation; age; and skill, wage, and income, as well as effects on persons with disabilities, persons who live in rural areas or urban areas and persons otherwise adversely affected by persistent poverty, and members of religious minorities. Certain events will have a theme (for example, as specified in the **DATES** section of this notice); however, any interested person is welcome to present views in accordance with this investigation at these events, regardless of theme.

The virtual roundtables will be open to the public, and will be held via an online videoconferencing platform, beginning at 1 p.m. Eastern Standard Time (EST) on the dates specified in the **DATES** section of this notice. The virtual roundtables will be recorded, transcribed, and be publicly accessible. Those wishing to attend or participate in a virtual roundtable should register by 5:15 p.m. EST on the day specified in the **DATES** section above by emailing DE@usitc.gov. Attendees and participants will receive further information upon registration. Additional details about individual roundtables will be posted on the investigation-specific website listed above, and interested parties should check that website periodically for updates.

In-person roundtables and focus group conversations will be made accessible to in-person and virtual observers to the extent that resources permit. The conversations will also be recorded and transcribed for purposes of aiding in the generation of the Commission's final report as resources permit. Additional details about these events will be posted on the investigation-specific website as they become available, and those wishing to participate in these events should register by emailing DE@usitc.gov.

Individuals that wish to provide input to this investigation but are unable or unwilling to participate in public events should contact project staff by emailing DE@usitc.gov.

Symposium: The Commission will hold the academic symposium beginning at 9:00 a.m. EST on June 5, 2025. Persons interested either in presenting work (published or ongoing)

or serving on a panel discussion at the symposium should submit their request by emailing DE@usitc.gov. Requests to participate in the academic symposium should include the participant's background on research related to analyzing the distributional effects of trade and trade policy on U.S. workers and underrepresented and underserved communities and be emailed by 5:15 p.m. on April 15, 2025.

Written submissions: In lieu of or in addition to participating in events related to this investigation, interested persons are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received no later than 5:15 p.m., July 11, 2025. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8), as temporarily amended by 85 FR 15798 (March 19, 2020). Under that rule waiver, the Office of the Secretary will accept only electronic filings at 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. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802), or consult the Commission's Handbook on Filing Procedures.

Definitions of types of documents that may be filed; Requirements: This notice provides for the possible filing of one type of document: written submissions.

Written submissions refers to any written submissions that interested persons wish to make, regardless of whether they appeared at an event related to this investigation, and may include new information or updates of information previously provided.

In accordance with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8), the document must identify on its cover (1) the investigation number and title and the type of document filed (*i.e.*, written submission), (2) the name and signature of the person filing it, (3) the name of the organization that the submission is filed on behalf of, and (4) whether it contains CBI. If it contains CBI, it must comply with the marking and other requirements set out below in this notice relating to CBI. Submitters of written documents are encouraged to include a short summary of their position or interest at the beginning of the document, and a table of contents

when the document addresses multiple issues.

Confidential business information: Any submissions that contain CBI must also conform to the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the CBI is clearly identified by means of brackets. All written submissions, except for CBI, will be made available for inspection by interested persons.

As requested by the Trade Representative, the Commission will not include any CBI in its report. However, all information, including CBI, submitted in this investigation may be disclosed to and used by: (i) the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any CBI in a way that would reveal the operations of the firm supplying the information.

Summaries of views of interested persons: Interested persons wishing to have a summary of their views included in the report should include a summary with a written submission no later than July 11, 2025, and must use the Commission template, which can be downloaded from https://www.usitc.gov/docket_services/documents/firm_or_organization_summary_word_limit.pdf. The Commission template must be uploaded as a separate attachment with the written submission, which is filed on EDIS under the document type "Briefs and Written Submissions." The summary may not exceed 500 words and should not include any CBI. The summary will be published as provided only if it utilizes the Commission-provided template, meets these requirements, and is germane to the subject matter of the investigation. The Commission will list the name of the organization furnishing the summary and will include a link where the written submission can be found.

By order of the Commission.

Issued: August 29, 2024.

Sharon Bellamy,

*Supervisory Hearings and Information
Officer.*

[FR Doc. 2024–19891 Filed 9–4–24; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1228L]

Adjustment to the Aggregate Production Quota for Lisdexamfetamine and d-Amphetamine (for Conversion) for 2024

AGENCY: Drug Enforcement
Administration, Department of Justice.

ACTION: Final order.

SUMMARY: The Drug Enforcement Administration is adjusting the 2024 aggregate production quota for the schedule II controlled substances lisdexamfetamine and d-amphetamine (for conversion). In making this determination, DEA has considered the factors set forth in its regulations in accordance with the statutes and is expediting publication of this determination to comply with the timeframes specified in the statutes.

DATES: The final order is effective September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Heather E. Achbach, Regulatory Drafting and Policy Support Section, Diversion Control Division, Drug Enforcement Administration, Telephone: (571) 776–3882.

SUPPLEMENTARY INFORMATION:

Legal Authority

Section 306 of the Controlled Substances Act (CSA) (21 U.S.C. 826) requires the Attorney General to establish aggregate production quotas (APQ) for each basic class of controlled substance listed in schedule I and II. The Attorney General has delegated this function to the Administrator of the Drug Enforcement Administration (DEA) pursuant to 28 CFR 0.100.

Under 21 U.S.C. 826(h), when a request for individual manufacturing quota is submitted by a DEA-registered manufacturer pertaining to a schedule II controlled substance that is contained in a drug on the Food and Drug Administration's (FDA's) list of drugs in shortage, DEA must complete review of such request not later than 30 days after receipt of the request. If, after the review is completed, DEA finds that an increase in the aggregate and individual production quotas is necessary to

address a shortage of that controlled substance, DEA is to increase the aggregate and individual production quotas of that controlled substance and any ingredient therein to the level requested. 21 U.S.C. 826(h)(1)(B)(i). However, if it is determined that the level requested is not necessary to address the shortage, DEA is to provide a written response detailing the basis for the determination. 21 U.S.C. 826(h)(1)(B)(ii).

Background

DEA published the 2024 established APQ for controlled substances in schedules I and II in the **Federal Register** on January 3, 2024. 89 FR 407. The 2024 established APQ represents those quantities of schedule I and II controlled substances that may be manufactured in the United States to provide for the estimated medical, scientific, research, and industrial needs of the United States, for lawful export requirements, and for the establishment and maintenance of reserve stocks. These quotas do not include imports of controlled substances for use in industrial processes. The final order stipulated that all APQ are subject to an adjustment, in accordance with 21 CFR 1303.15.¹

Quotas Applicable to Drugs in Shortage Pursuant to 21 U.S.C. 826(h)

DEA received written correspondence from FDA on July 12, 2024, in accordance with 21 U.S.C. 356c, addressing the domestic drug shortage of lisdexamfetamine capsules and chewable tablets. In this letter, FDA advised DEA that “shortage of an active ingredient” is the reason identified for the shortages of all marketed generic lisdexamfetamine dimesylate capsules and chewable tablets. Under 21 U.S.C. 356c, manufacturers of drugs that are life-supporting, life-sustaining, or intended for the treatment or prevention of debilitating diseases or conditions must notify FDA of any permanent discontinuation or interruption in manufacturing likely to result in a meaningful disruption of the drug's supply in the United States. That provision further requires FDA to assess whether notifications received from manufacturers concern controlled substances subject to production quotas in accordance with 21 U.S.C. 826.

FDA's July 12 letter requested that DEA increase the APQ and individual

manufacturing quotas for lisdexamfetamine to a level that FDA deems necessary to address a shortage based on the best available market data.² FDA reiterated to DEA that lisdexamfetamine is “intended for use in the prevention or treatment of a debilitating disease or condition” and therefore falls under the notification requirements of 21 U.S.C. 356c.

On August 2, 2024, DEA received a request from a DEA registered manufacturer of the Schedule II controlled substance lisdexamfetamine for an increase to its 2024 individual manufacturing quota pertaining to lisdexamfetamine. Pursuant to this request, and following the receipt of the letter from FDA on July 12, DEA began its review under the timeframes specified by 21 U.S.C. 826(h)(1).

D-amphetamine, another schedule II controlled substance, is used by some manufacturers as part of the synthesis pathway to manufacture lisdexamfetamine products.

Analysis for the Adjustment to the 2024 Lisdexamfetamine and d-Amphetamine (for Conversion) Aggregate Production Quota

In conducting the review under 21 U.S.C. 826(h) in order to determine the necessity of this adjustment, the Administrator has considered the criteria in accordance with 21 CFR 1303.13 (adjustment of APQ for controlled substances). The Administrator is authorized to increase or reduce the APQ at any time. 21 CFR 1303.13(a). DEA regulations state that there are five factors that shall be considered in determining whether to adjust the APQ. 21 CFR 1303.13(b). Accordingly, the Administrator has taken into account the following factors described below for 2024: (1) changes in the demand for that class, changes in the national rate of net disposal of the class, changes in the rate of net disposal of the class by registrants holding individual manufacturing quotas for that class, and changes in the extent of any diversion in the class; (2) whether any increased demand for that class, the national and/or individual rates of net disposal of that class are temporary, short term, or long term; (3) whether any increased demand for that class can be met through existing inventories, increased individual manufacturing quotas, or increased importation, without increasing the APQ, taking into account production delays and the probability that other individual

¹ Established Aggregate Production Quotas for Schedule I and II Controlled Substances and Assessment of Annual Needs for the List I Chemicals Ephedrine, Pseudoephedrine, and Phenylpropanolamine for 2024, 89 FR 407 (January 3, 2024).

² As the FDA's specific requested levels would reveal proprietary manufacturing data, DEA is not specifying the requested levels in this document.

manufacturing quotas may be suspended pursuant to 21 CFR 1303.24(b); (4) whether any decreased demand for that class will result in excessive inventory accumulation by all persons registered to handle that class (including manufacturers, distributors, practitioners, importers, and exporters), notwithstanding the possibility that individual manufacturing quotas may be suspended pursuant to 21 CFR 1303.24(b) or abandoned pursuant to 21 CFR 1303.27; and (5) other factors affecting medical, scientific, research, and industrial needs in the United States and lawful export requirements, as the Administrator finds relevant, including changes in the currently accepted medical use in treatment with the class or the substances which are manufactured from it, the economic and physical availability of raw materials for use in manufacturing and for inventory purposes, yield and stability problems, potential disruptions to production (including possible labor strikes), and recent unforeseen emergencies such as floods and fires. 21 CFR 1303.13(b). Based on that review, DEA is proposing an increase to the current lisdexamfetamine and d-amphetamine (for conversion) APQ.

DEA reviewed domestic data from the latest IQVIA report on stimulant prescribing that reflected increases in prescribing of lisdexamfetamine products from 2022 to 2023. In addition, FDA's estimate of domestic medical need for lisdexamfetamine drug products predicted a 6 percent increase for 2024 domestic need when compared to 2023 observed need. Data reviewed by both agencies support an increase to the lisdexamfetamine APQ which is necessary to meet domestic demand.

Data shows an increase in the number of foreign countries that have approved drug products containing lisdexamfetamine for their patient populations. Vyvanse® is currently approved to treat patients suffering from attention-deficit/hyperactivity disorder (ADHD) in 29 countries besides the United States. According to a comment received in November 2023 from the Australian ADHD Foundation on the **Federal Register** notice that proposed the APQ and the assessment of annual needs (AAN) for 2024,³ the Department of Health and Aged Care Therapeutic Goods Administration (TGA) of the Australian Government reported current shortages of lisdexamfetamine products with more shortages predicted for various strengths through April 2024. On June 18, 2024, TGA reported that certain strengths of lisdexamfetamine

medications remain in shortage.⁴ In February 2021, Australia extended a government subsidy of lisdexamfetamine medications to adults who are diagnosed with ADHD after the age of 18. There has since been an immediate and sustained increase in monthly dispensing.⁵ In Europe, the consumption of lisdexamfetamine medications has been rapidly growing over the years. Additionally, Gimbach et al. conducted a study and reported the overall consumption of ADHD medications has increased in 26 of 28 countries in Europe.⁶ According to those researchers, the growth in consumption can be attributed to an increase in the general awareness of ADHD among the public and medical practitioners, but more importantly, the broadening of diagnosis criteria in Europe.⁷

In addition to reviewing export data extracted from DEA's internal databases, DEA also obtained access to new data sources in 2024 that allow DEA to more accurately forecast foreign demand for domestically controlled substances that are not always internationally controlled,⁸ such as lisdexamfetamine. The export data showed that exports of drug products containing lisdexamfetamine increased from 8,573.351 kg in 2022 to 11,502.175 kg in 2023. Extrapolation utilizing previous years' reported data suggests the export requirements for lisdexamfetamine active pharmaceutical ingredient and finished dosages likely will continue to increase in 2024 and beyond. An increase in domestic manufacturing of the active pharmaceutical ingredient and finished dosages is necessary to supply lisdexamfetamine products to foreign markets.

As a result of the increase to the APQ of lisdexamfetamine, DEA must make a corresponding increase to the APQ of d-amphetamine (for conversion) because this substance is used by some manufacturers as part of the synthesis pathway to manufacture lisdexamfetamine products. Without this corresponding increase,

manufacturers of lisdexamfetamine's active pharmaceutical ingredient would not be able to utilize the entire amount of the increased lisdexamfetamine APQ.

After considering these factors, DEA determined that it is necessary to increase the established 2024 APQ for the schedule II controlled substances lisdexamfetamine and d-amphetamine (for conversion) to be manufactured in the United States to provide for the estimated needs of the United States and export requirements to meet domestic and global demand. Of the 6,236 kg increase to the lisdexamfetamine APQ, 1,558 kg of the increase is to address increased domestic demand for finished dosage medications, while the other 4,678 kg addresses increases in foreign demand for finished dosage medications. These adjustments are necessary to ensure that the United States has an adequate and uninterrupted supply of lisdexamfetamine to meet legitimate patient needs both domestically and globally.

Additional Legal Considerations

The procedures previously adopted by DEA for adjustment of APQ are set forth in DEA regulations in 21 CFR 1303.13. Under that provision, the Administrator, upon determining that an adjustment of the APQ of any basic class of controlled substance is necessary, shall publish in the **Federal Register** general notice of an adjustment in the APQ for that class. The regulation further directs that DEA will allow any interested person to file comments or objections to the adjusted APQ within the time specified by the Administrator in the notice. Section 1303.13 further provides that, "[a]fter consideration of any comments or objections . . . the Administrator shall issue and publish in the **Federal Register** his final order determining the aggregate production for the basic class of controlled substance."

The statutory timeframe applicable to actions taken under 21 U.S.C. 826(h) was enacted by Congress after DEA established its regulations in 21 CFR 1303.13. DEA has determined that it is not possible to increase the APQ within the Congressionally-mandated 30-day period while also complying with the procedures that DEA previously had laid out in 21 CFR 1303.13. Therefore, the Administrator has determined that, in order to comply with the 30-day timeframe in 21 U.S.C. 826(h), this final order must be published without opportunity for comment and made effective immediately.

⁴ <https://apps.tga.gov.au/Prod/msi/Search/Details/lisdexamfetamine-dimesilate>.

⁵ Aust N Z J Psychiatry. 2023 Jul; 57(7): 1073–1076. Published online 2023 Apr 25.

⁶ Gimbach, S., Vogel, D., Fried, R. et al. ADHD medicine consumption in Europe after COVID-19: catch-up or trend change?. BMC Psychiatry 24, 112 (2024).

⁷ Gimbach, S., Vogel, D., Fried, R. et al. ADHD medicine consumption in Europe after COVID-19: catch-up or trend change?. BMC Psychiatry 24, 112 (2024).

⁸ A controlled substance's placement in the 1961 UN Single Convention or the 1971 UN Psychotropic Convention determines whether a substance is internationally controlled. <https://www.incb.org/incb/conventions/index.html?lng=en>.

³ 88 FR 75312 (Nov. 2, 2023).

Determination of 2024 Lisdexamfetamine and d-Amphetamine (for Conversion) Aggregate Production Quota

In determining the adjustment of the 2024 lisdexamfetamine and d-

amphetamine (for conversion) APQ, DEA has taken into consideration the factors set forth in 21 CFR 1303.13(b) in accordance with 21 U.S.C. 826(a) as well as 826(h). Based on all of the above, the Administrator is adjusting

the 2024 APQ for lisdexamfetamine and d-amphetamine (for conversion).

The Administrator hereby adjusts the 2024 APQ for the following schedule II-controlled substance expressed in grams of anhydrous acid or base, as follows:

Controlled substance	Current APQ (g)	Adjusted APQ (g)
Schedule II		
lisdexamfetamine	26,500,000	32,736,000
d-amphetamine (for conversion)	20,000,000	23,688,235

The APQ for all other schedule I and II controlled substances included in the 2024 established APQ remain at this time as previously established.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 3, 2024, by Administrator Anne Milgram. That document with the original signature and date is maintained by DEA. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DEA Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of DEA. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Heather Achbach,
Federal Register Liaison Officer, Drug Enforcement Administration.
[FR Doc. 2024–20114 Filed 9–3–24; 4:15 pm]
BILLING CODE 4410–09–P

regarding child labor and forced labor in certain foreign countries, as well as ILAB’s Comply Chain knowledge tool for labor compliance in global supply chains. Relevant information submitted by the public will be used by the Department of Labor (DOL) in preparing its ongoing reporting as required under Congressional mandates and a Presidential directive.

DATES: Submitters of information are requested to provide their submission to DOL’s Office of Child Labor, Forced Labor, and Human Trafficking (OCFT) at the email or physical address below by 11:59 p.m. on December 16, 2024.

ADDRESSES:

To Submit Information: Information should be submitted directly to OCFT, Bureau of International Labor Affairs, U.S. Department of Labor. Comments, identified as Docket No. DOL–2024–0004, may be submitted by any of the following methods:

Federal eRulemaking Portal: The portal includes instructions for submitting comments. Parties submitting responses electronically are encouraged not to submit paper copies.

Facsimile (fax): OCFT at 202–693–4830.

Mail, Express Delivery, Hand Delivery, and Messenger Service (1 copy): Matthew Fraterman, U.S. Department of Labor, OCFT, Bureau of International Labor Affairs, 200 Constitution Avenue NW, Room S–5315, Washington, DC 20210.

Email: Email submissions should be addressed to Matthew Fraterman (Fraterman.matthew@dol.gov).

FOR FURTHER INFORMATION CONTACT: Matthew Fraterman, Office of Child Labor, Forced Labor, and Human Trafficking, U.S. Department of Labor at 202–693–4833 (this is not a toll-free number) or Fraterman.matthew@dol.gov.

Digital Accessibility: DOL is required to ensure that all its digital information is accessible to people with disabilities, including those who use assistive

technology such as screen readers. Therefore, DOL requests that your submissions through the portal be as accessible as possible. If you are able to conform to the current Web Content Accessibility Guidelines (WCAG), then please do so. Otherwise, DOL requests that submissions be made in a Microsoft Word document, using the built-in styles for document formatting, including descriptive Alt Text on embedded images and graphics, and using the built-in Word Accessibility Checker for additional accessibility improvements. Although permissible, please avoid submitting scanned images, screen shots, or PDFs whenever possible.

SUPPLEMENTARY INFORMATION: The 2023 Findings on the Worst Forms of Child Labor (TDA report), published on September 5, 2024, assesses efforts of 131 countries to eliminate the worst forms of child labor in 2023 and whether countries made significant, moderate, minimal, or no advancement. It also suggests actions foreign countries can take to eliminate the worst forms of child labor through legislation, enforcement, coordination, policies, and social programs. The 2024 List of Goods Produced by Child Labor or Forced Labor (TVPRA List), published on September 5, 2024, makes available to the public a list of goods from countries that ILAB has reason to believe are produced by child labor or forced labor in violation of international standards, including, to the extent practicable, goods that are produced with inputs that are produced with forced labor or child labor. Finally, the List of Products Produced by Forced or Indentured Child Labor (E.O. 13126 List), provides a list of products, identified by country of origin, that DOL, in consultation and cooperation with the Departments of State (DOS) and Homeland Security (DHS), has a reasonable basis to believe might have been mined, produced, or manufactured with forced or indentured child labor. Relevant information

DEPARTMENT OF LABOR
[Agency Docket Number DOL–2024–0004]

Efforts by Certain Foreign Countries To Eliminate the Worst Forms of Child Labor; Child Labor, Forced Labor, and Forced or Indentured Child Labor in the Production of Goods in Foreign Countries; and Business Practices To Reduce the Likelihood of Forced Labor or Child Labor in the Production of Goods

AGENCY: Bureau of International Labor Affairs, Department of Labor.

ACTION: Notice of publication; request information and invitation to comment.

SUMMARY: This notice is a request for information and/or comment on three reports issued by the Bureau of International Labor Affairs (ILAB)

submitted by the public will be used by DOL in preparing the next edition of the TDA report, to be published in 2025; the next edition of the TVPRA List, which will be published in 2026; and for possible updates to the E.O. 13126 List as needed.

This notice is also a request for information and/or comment on Comply Chain: Business Tools for Labor Compliance in Global Supply Chains (Comply Chain). ILAB is seeking information on current practices of firms, business associations, and other private sector groups to promote worker voice, engage stakeholders, and reduce the likelihood of child labor and forced labor in the production of goods. This information and/or comment is sought to fulfill ILAB's mandate under the Trafficking Victims Protection Reauthorization Act of 2005 (TVPRA) to work with persons who are involved in the production of goods made with forced labor or child labor. Comply Chain seeks to address this mandate through the creation of a standard set of practices that will reduce the likelihood that such persons will produce goods using forced labor or child labor.

I. The Trade and Development Act of 2000 (TDA), Public Law 106–200 (2000), established eligibility criterion for receipt of trade benefits under the Generalized System of Preferences (GSP). The TDA amended the GSP reporting requirements of Section 504 of the Trade Act of 1974, 19 U.S.C. 2464, to require that the President's annual report on the status of internationally recognized worker rights include “findings by the Secretary of Labor with respect to the beneficiary country's implementation of its international commitments to eliminate the worst forms of child labor.”

The TDA Conference Report clarifies this mandate, indicating that the President consider the following when considering whether a country is complying with its obligations to eliminate the worst forms of child labor: (1) whether the country has adequate laws and regulations proscribing the worst forms of child labor; (2) whether the country has adequate laws and regulations for the implementation and enforcement of such measures; (3) whether the country has established formal institutional mechanisms to investigate and address complaints relating to allegations of the worst forms of child labor; (4) whether social programs exist in the country to prevent the engagement of children in the worst forms of child labor, and to assist with the removal of children engaged in the worst forms of child labor; (5) whether the country has a comprehensive policy

for the elimination of the worst forms of child labor; and (6) whether the country is making *continual progress* toward eliminating the worst forms of child labor.” (H. Conf. Rept. 106–606, May 4, 2000, p. 124).

DOL fulfills this reporting mandate through annual publication of the Findings on the Worst Forms of Child Labor. To access the 2023 TDA report please visit at <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>.

II. Section 105(b) of the Trafficking Victims Protection Reauthorization Act of 2005, Public Law 109–164 (2006), 22 U.S.C. 7112(b), as amended by Section 133 of the Frederick Douglass Trafficking Victims Prevention and Protection Reauthorization Act of 2018, Public Law 115–425 (2019), directs the Secretary of Labor, acting through ILAB, to “develop and make available to the public a list of goods from countries that [ILAB] has reason to believe are produced by forced labor or child labor in violation of international standards, including, to the extent practicable, goods that are produced with inputs that are produced with forced labor or child labor.” (TVPRA List).

Pursuant to this mandate, DOL published in the **Federal Register** a set of procedural guidelines that ILAB follows in developing the TVPRA List. 72 FR 73374 (Dec. 27, 2007). The guidelines set forth the criteria by which information is evaluated; established procedures for public submission of information to be considered by ILAB; and identified the process ILAB follows in maintaining and updating the List after its initial publication. DOL published an update to the procedural guidelines on January 25, 2024. (89 FR 4994).

ILAB published its first TVPRA List on September 30, 2009, and issued updates in 2010, 2011, 2012, 2013, 2014, 2016, 2018, 2020, 2022, and 2024. In 2014, ILAB began publishing the TVPRA List every other year, pursuant to changes in the law. See 22 U.S.C. 7112(b)(3). The next TVPRA List will be published in 2026. For a copy of previous editions of the TVPRA List and other materials relating to the TVPRA List, see ILAB's TVPRA web page.

III. Executive Order No. 13126 (E.O. 13126) declared that it was “the policy of the United States Government . . . that the executive agencies shall take appropriate actions to enforce the laws prohibiting the manufacture or importation of goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part by forced or indentured child labor.” Pursuant to E.O. 13126, and following

public notice and comment, the Department of Labor published in the January 18, 2001, **Federal Register**, a list of products (“E.O. 13126 List”), identified by country of origin, that the Department, in consultation and cooperation with the Departments of State (DOS) and Treasury [relevant responsibilities are now within the Department of Homeland Security (DHS)], had a reasonable basis to believe might have been mined, produced or manufactured with forced or indentured child labor (66 FR 5353). In addition to the List, the Department also published on January 18, 2001, “Procedural Guidelines for Maintenance of the List of Products Requiring Federal Contractor Certification as to Forced or Indentured Child Labor,” which provide for maintaining, reviewing, and, as appropriate, revising the E.O. 13126 List (66 FR 5351).

Pursuant to Sections D through G of the Procedural Guidelines, the E.O. 13126 List may be updated through consideration of submissions by individuals or through ILAB's own initiative after public notice and comment as well as consultation with DOS and DHS. For additional information, see E.O. 13126 List, Procedural Guidelines.

Information Requested and Invitation to Comment: Interested parties are invited to comment and provide information regarding these reports. DOL requests comments on or information relevant to updating the findings and suggested government actions for countries reviewed in the TDA report, assessing each country's individual advancement toward eliminating the worst forms of child labor during the current reporting period compared to previous years, and maintaining and updating the TVPRA and E.O. 13126 Lists. Materials submitted should be confined to the specific topics of the TDA report, the TVPRA List, and the E.O. 13126 List. DOL will generally consider sources with dates up to five years old (*i.e.*, data not older than January 1, 2019). DOL appreciates the extent to which submissions clearly indicate the time period to which they apply. In the interest of transparency in our reporting, classified information will not be accepted. Where applicable, information submitted should indicate its source or sources, and copies of the source material should be provided. If primary sources are utilized, such as research studies, interviews, direct observations, or other sources of quantitative or qualitative data, details on the research or data-gathering methodology should be provided. Please see the TDA report,

TVPPRA List, and the E.O. 13126 List for a complete explanation of relevant terms, definitions, and reporting guidelines employed by DOL. Per our standard procedures, submissions will be published on the ILAB web page.

IV: Section 104(b)(2)(D) of The Trafficking Victims Protection Reauthorization Act (TVPPRA) of 2005 mandates that ILAB “work with persons who are involved in the production of goods on [ILAB’s List of Goods Produced by Child Labor or Forced Labor] to create a standard set of practices that will reduce the likelihood that such persons will produce goods using [forced and child labor].”

Many firms have policies, activities, and/or systems in place to monitor labor rights in their supply chains and remediate violations. Such policies, activities and systems vary depending on location, industry, and many other factors. ILAB seeks to identify practices that have been effective in specific contexts, analyze their replicability, and disseminate those that have potential to be effective on a broader scale through Comply Chain.

Information Requested and Invitation to Comment: In addition to general comments on the existing publication of Comply Chain, ILAB is seeking information on current practices of firms, business associations, and other private sector groups to reduce the likelihood of child labor and forced labor in the production of goods. ILAB welcomes any and all input. Examples of materials could include, but are not limited to: (1) Codes of conduct; (2) Sets of standards used for implementation of codes in specific industries or locations or among particular labor populations; (3) Auditing/monitoring systems, or components of such systems, as well as related systems for enforcement of labor standards across a supply chain; (4) Strategies for monitoring sub-tier suppliers, informal workplaces, homework, and other challenging environments; (5) Training modules and other mechanisms for communicating expectations to stakeholders which incorporate worker input; (6) Traceability models or experiences; (7) Remediation strategies for children and/or adults found in conditions of forced or child labor; (8) Reporting-related practices and practices related to independent review; (9) Projects at the grassroots level which address underlying issues or root causes of child labor or forced labor; (10) and/or any other relevant practices.

In addition, ILAB is seeking information on current practices of governments to collaborate with private sector actors through public-private

partnerships to reduce the likelihood of child labor and forced labor in the production of goods. Submissions may include policy documents, reports, statistics, case studies, and many other formats. In addition, ILAB welcomes submissions of reports, analyses, guidance, toolkits, and other documents in which such practices have been compiled or analyzed by third-party groups. Information should be submitted to the addresses and within the time period set forth above. DOL seeks information that can be used to inform the development of tools and resources to be disseminated publicly on the DOL website and/or in other publications. However, in disseminating information, DOL will conceal, to the extent permitted by law, the identity of the submitter and/or the individual or company using the practice in question, upon request. Internal, confidential documents that cannot be shared with the public will not be used. Submissions containing confidential or personal information may be redacted by DOL before being made available to the public, in accordance with applicable laws and regulations. DOL does not commit to responding directly to submissions or returning submissions to the submitters, but DOL may communicate with the submitter regarding any matters relating to the submission.

(Authority: 22 U.S.C. 7112(b)(2)(C))

Signed at Washington, DC.

Thea Mei Lee

Deputy Undersecretary for International Affairs.

[FR Doc. 2024–18770 Filed 9–4–24; 8:45 am]

BILLING CODE 4510–28–P

DEPARTMENT OF LABOR

Notice of Final Determination To Remove Shrimp From Thailand and Garments From Vietnam From the List of Products Requiring Federal Contractor Certification as to Forced or Indentured Child Labor Pursuant to Executive Order 13126

AGENCY: Bureau of International Labor Affairs, Department of Labor.

ACTION: Notice of final determination.

SUMMARY: This notice is a final determination to revise the list required by Executive Order No. 13126 (“Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labor”, hereafter the E.O. List). The E.O. List identifies a list of products, by their country of origin, that the Department of Labor (DOL), in consultation and cooperation with the Department of

State (DOS) and the Department of Homeland Security (DHS) (collectively, the Departments), has a reasonable basis to believe might have been mined, produced, or manufactured by forced or indentured child labor.

SUPPLEMENTARY INFORMATION: This final determination revises the E.O. List required by E.O. 13126 in accordance with DOL’s Procedural Guidelines for the Maintenance of the List of Products Requiring Federal Contractor Certification as to Forced or Indentured Child Labor (Procedural Guidelines) as published in the January 18, 2001 **Federal Register** (66 FR 5351). On May 10, 2024, DOL, in consultation and cooperation with DOS and DHS, published a Notice of Initial Determination in the **Federal Register** proposing to remove shrimp from Thailand and garments from Vietnam from the E.O. List (89 FR 40509). The initial determination stated the Departments had preliminarily determined that the use of forced or indentured child labor in the production of those products had been significantly reduced and invited public comments until June 10, 2024, on whether these products should be removed from the E.O. List.

The initial determination, and the public comments submitted, can be viewed at Docket ID No. DOL–2024–0003 or requested from Ryan Olden at: Office of Child Labor, Forced Labor, and Human Trafficking (OCFT), Bureau of International Labor Affairs, Room S–5317, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210; telephone: (202) 693–48467, email: eo13126@dol.gov. Individuals with hearing or speech impairments may access the telephone number above via TTY by calling the Federal Information Relay Service at 1–877–889–5627.

During the public comment period, DOL received one comment, which was submitted by the National Fisheries Institute (NSI). The comment made reference back to a previous comment NSI had submitted on a past notice (USTR–2023–0003), published by the Office of the United States Trade Representative (USTR). DOL, however, was unable to locate the referenced comment, and thus could not consider it as part of its final determination whether to remove shrimp from Thailand and/or garments from Vietnam from the E.O. 13126 List. DOL located a separate comment from the NSI on another USTR notification (USTR–2022–0006), which outlines the NSI’s recommendations related to a proposed USTR forced labor strategy. However,

DOL ultimately determined that the comment was not responsive to the Notice of Initial Determination, as it did not contain relevant information specific to forced child labor in the production of either shrimp from Thailand or garments from Vietnam.

Following the closure of the comment period on June 10, 2024, the Departments concluded that based on available information, there is no longer a reasonable basis to believe that forced or indentured child labor is used in the production of the following products, identified by their countries of origin:

Product: Shrimp

Country: Thailand

DOL has received recent, credible, and corroborated information from various sources on shrimp production in Thailand. This information indicates that while children previously worked under forced labor conditions in the production of shrimp, the use of forced child labor appears to have been significantly reduced. Therefore, the Departments have concluded that there is no longer a reasonable basis to believe that shrimp from Thailand is produced by forced or indentured child labor, except in a few isolated instances, and therefore it should not remain on the E.O. List.

DOL placed shrimp from Thailand on the E.O. List in 2009, and to date, the listing cites 11 sources dating from 2006 to 2015. Sources indicated that children in Thailand—primarily migrant children—were peeling shrimp in small, unregulated “shrimp sheds.” In more than isolated incidents, these migrant children were engaged in forced child labor. Following international attention and action on labor exploitation in Thailand’s seafood industry, the Royal Thai Government (RTG) and other stakeholders made a series of concerted significant efforts to address child labor and forced child labor throughout the seafood industry, including in the shrimp peeling sector.

The RTG acceded to the ILO’s Maritime Labor Convention and the ILO’s Work in Fishing Convention and passed the Ministerial Regulation Prohibiting Children in Seafood Processing. The RTG also enacted the Royal Ordinance on Fisheries, which enhanced traceability systems of aquatic resources in Thailand, inclusive of shrimp processing, and strengthened migrant worker recruitment regulations through revisions in the Labor Protection Act of 1998 and the Royal Ordinance on Foreign Worker Management (No. 2). Additionally, the RTG collaborated with international nongovernmental organizations to

implement projects focused on eliminating forced child labor and child labor in the seafood processing sector, including the *Combating Unacceptable Forms of Work in the Thai Fishing and Seafood Industry* program funded by the ILO and the European Union; the *FAIR Fish* program funded by DOL; and the *Ship to Shore* project funded by the EU. Private sector entities also acted against forced child labor by formalizing their supply chains, eliminating nearly all unregulated “shrimp sheds” in which child labor and forced child labor were previously documented. In 2023, Thai government officials, an industry trade group, workers’ associations, international organizations, and nongovernmental organizations reported that incidents of forced child labor in shrimp processing had been reduced to no more than isolated cases. DOL’s review of available information corroborated that forced child labor in the production of shrimp had been significantly reduced to isolated incidents.

Product: Garments

Country: Vietnam

DOL has also received recent, credible, and corroborated information from various sources on garment production in Vietnam. This information indicates that while children previously worked under forced labor conditions in the production of garments, the use of forced child labor appears to have been significantly reduced. Therefore, the Departments have concluded that there is no longer a reasonable basis to believe that garments from Vietnam are produced by forced or indentured child labor, except in a few isolated instances, and therefore it should not continue to be on the E.O. List.

DOL placed garments from Vietnam on the E.O. List in 2012, and to date, the listing cites 18 sources dating from 2008 to 2015. Sources indicated that children in Vietnam—primarily children from rural areas—were being trafficked from their homes to Ho Chi Minh City, where they were coerced to work, and often live, in garment factories. Reports indicated that children working in the sector were underpaid, forced to work long hours, and in many cases were found living in the workshops. Between 2010 and 2014 there were between 20 and 64 children trafficked for these purposes each year, after which the number of child trafficking cases dropped rapidly. Reporting that exposed this trafficking pipeline was led by data from Blue Dragon Children’s Foundation (BDCF)—a local NGO which functions as a key partner to the

Vietnamese police. According to the U.S. Embassy in Hanoi and its contacts, all forced child labor cases in Vietnamese garment factories go through BDCF for intervention, removal of children from the trafficking situations, and victim services.

Research indicates that following reports of forced child labor in the sector, the police worked quickly and effectively to identify both victims and perpetrators of this trafficking pipeline. The police shut down all responsible criminal enterprises. According to a 2021 BDCF report, BDCF rescue operations for victims of trafficking have not uncovered a child in sweatshop labor since 2017.

Since the addition of garments to the E.O. List in 2012, Vietnam has made efforts in its legal framework, partnerships, and enforcement efforts to eradicate and prevent forced child labor in this sector. Vietnam enacted a Labor Code in 2012 prohibiting unlawful, underage, and/or forced labor of children, and included regulations on the employment of minors including working hours, working times of day, and types of work allowed for minors. Vietnam specifically prohibited minors from operating fabric and yarn-starching machines as well as dyeing and dry-cleaning fabric and yarn, criminalized child trafficking, and affirmed the right of children to be protected from labor exploitation. Additionally, Vietnam has conducted two national programs on the reduction of child labor and has conducted a national survey on child labor. The government continues to work with Blue Dragon, as well as other INGOs and NGOs like the ILO, Fair Wear Foundation, and Better Work. Vietnam actively collaborates with stakeholders on programs like ENHANCE, which aims to build governmental capacity to address and prevent child labor; and Fear Wear’s programming which brings together key stakeholders to enhance the rights of garment workers. Reports also indicate that grievance mechanisms exist and are accessible for garment workers.

Background: E.O. 13126 was signed on June 12, 1999, and published in the **Federal Register** on June 16, 1999 (64 FR 32383). E.O. 13126 declared that it was “the policy of the United States Government . . . that executive agencies shall take appropriate actions to enforce the laws prohibiting the manufacture or importation of goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part by forced or indentured child labor.” The E.O. defines “forced or indentured child labor” as “all work or service (1) exacted from any person

under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or (2) performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.”

Pursuant to E.O. 13126, and following public notice and comment, the Department of Labor published in the January 18, 2001 **Federal Register** the first E.O. List of products, along with their respective countries of origin, that DOL, in consultation and cooperation with the Department of State and the Department of the Treasury (whose relevant responsibilities are now within the Department of Homeland Security), had a reasonable basis to believe might have been mined, produced, or manufactured with forced or indentured child labor (66 FR 5353). This list included 11 goods produced in 12 countries. DOL also published the Procedural Guidelines on January 18, 2001 which provide procedures for the maintenance, review, and, as appropriate, revision of the E.O. List (66 FR 5351).

The Procedural Guidelines provide that the E.O. List may be revised through consideration of submissions by individuals and on the three Departments’ own initiative. When proposing a revision to the E.O. List, DOL must publish in the **Federal Register** a notice of initial determination, which includes any proposed alteration to the E.O. List. The Departments will consider all public comments prior to the publication of a final determination of a revised E.O. List.

On January 18, 2001, pursuant to Section 3 of E.O. 13126, the Federal Acquisition Regulatory Council published a final rule to implement specific provisions of E.O. 13126 that require, among other things, that Federal contractors who supply products that appear on the list certify to the contracting officer that the contractor, or, in the case of an incorporated contractor, a responsible official of the contractor, has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any product furnished under the contract and that, on the basis of those efforts, the contractor is unaware of any such use of forced or indentured child labor (48 CFR subpart 22.15).

On September 11, 2009, the Department of Labor published an initial determination in the **Federal Register** proposing to revise the E.O. List to include 29 products from 21

countries. The Notice requested public comments for a period of 90 days. Public comments were received and reviewed by all relevant agencies and a final determination was issued on July 20, 2010. Following the same process, the E.O. List was revised again in 2011, 2012, 2013, 2014, 2019, and 2022. The most recent E.O. List, with this published notice, includes 33 products from 25 countries.

The current E.O. List and the Procedural Guidelines can be accessed at <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-products> or can be obtained from: OCFT, Bureau of International Labor Affairs, Room S-5313, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210; telephone: (202) 693-4843; fax (202) 693-4830.

(Authority: E.O. 13126, 64 FR 32383)

Signed at Washington, DC.

Thea Mei Lee,

Deputy Undersecretary for International Affairs.

[FR Doc. 2024-18767 Filed 9-4-24; 8:45 am]

BILLING CODE 4510-28-P

DEPARTMENT OF LABOR

Office of Workers’ Compensation Programs

[OMB Control No. 1240-0001]

Proposed Extension of Information Collection; Statement of Recovery

AGENCY: Division of Federal Employees’ Longshore and Harbor Workers’ Compensation (OWCP/DFELHWC), Office of Workers’ Compensation Programs, Labor.

ACTION: Request for public comments.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance request for comment to provide the general public and Federal agencies with an opportunity to comment on proposed collections of information in accordance with the Paperwork Reduction Act of 1995. This request helps to ensure that: requested data can be provided in the desired format; reporting burden (time and financial resources) is minimized; collection instruments are clearly understood; and the impact of collection requirements on respondents can be properly assessed. Currently, the Office of Workers’ Compensation Programs, Division of Federal Employees’ Longshore and Harbor Workers’ Compensation, (OWCP/DFELHWC) is soliciting comments on the information

collection for the Statement of Recovery, CA-1122 Short form, and for the Statement of Recovery, CA-1108 Long Form.

DATES: All comments must be received on or before November 4, 2024.

ADDRESSES: You may submit comment as follows. Please note that late, untimely filed comments will not be considered.

Electronic Submissions: Submit electronic comments in the following way:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket, with no changes. Because your comment will be made public, you are responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as your or anyone else’s Social Security number or confidential business information.

- If your comment includes confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission.

Written/Paper Submissions: Submit written/paper submissions in the following way:

- *Mail/Hand Delivery:* Mail or visit DOL-OWCP/DFELHWC, Office of Workers’ Compensation Programs, Division of Federal Employees’ Longshore and Harbor Workers’ Compensation, U.S. Department of Labor, 200 Constitution Ave. NW, Room S-3323, Washington, DC 20210.

- OWCP/DFELHWC will post your comment as well as any attachments, except for information submitted and marked as confidential, in the docket at <https://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Anjanette Suggs, Office of Workers’ Compensation Programs, Division of Federal Employees’ Longshore, and Harbor Workers’ Compensation, OWCP/DFELHWC, at suggs.anjanette@dol.gov or @dol.gov (email); (202) 354-9660.

SUPPLEMENTARY INFORMATION:

I. Background

The Division of Federal Employees’ Longshore and Harbor Workers’ Compensation (DFELHWC) administers the Federal Employees’ Compensation Act (FECA). A Federal employee who sustains a work-related injury is entitled to receive compensation under the FECA. If that injury is caused under circumstances that create a legal liability in a third party to pay damages,

the FECA authorizes the Secretary of Labor to require the employee to assign his or her right of action to the United States or prosecute the action in his or her own name. *See* 5 U.S.C. 8131.

After identifying third-party claims through the claims process, OWCP refers them to the Solicitor of Labor (SOL). SOL initiates Forms CA-1108 and CA-1122 to determine the amount of the refund due to the United States out of the proceeds of an action asserted by an injured Federal employee against a liable third party for a compensable injury.

An injured federal employee who receives money or property from a judgment or a settlement of the action must reimburse the United States for past compensation payments. *See* 5 U.S.C. 8132. The formula in section 8132 of the FECA must be used to calculate the reimbursement. Section 8132 states that “the beneficiary, after deducting therefrom the costs of suit and a reasonable attorney’s fee, shall refund to the United States the amount of compensation paid by the United States and credit any surplus on future payments of compensation payable to him for the same injury.” Therefore, to calculate the amount of the refund due, employees must provide the amount of the settlement they received, the amount of the costs of the suit, and the fees charged by the attorney.

If the amount of the employee’s recovery remaining after certain deductions specified in the statute exceeds the amount of OWCP’s disbursements, the surplus must be credited against future payments of compensation, because the FECA mandates that the employee “shall refund to the United States the amount of compensation paid by the United States and credit any surplus on future payments of compensation.” 5 U.S.C. 8132.

To enforce the United States’ statutory right to reimbursement, the Office of Workers’ Compensation Programs (OWCP) has promulgated regulations. The regulations require a FECA beneficiary to report these types of payments (20 CFR 10.710) and submit the detailed information necessary to calculate the amount of the refund and surplus, if any, according to the formula in the statute. (20 CFR 10.707(e)).

The information collected by Form CA-1108 and Form CA-1122 from the FECA beneficiary includes this information and is necessary to calculate the amount of the refund and surplus owed to the United States from the FECA beneficiary’s settlement or judgment, as required in the statute and the regulations.

See: <http://www.dol.gov/owcp/dfec/regs/statutes/feca.htm#8131>, <http://www.dol.gov/owcp/dfec/regs/statutes/feca.htm#8132>, https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=c131552af a82be329e42e2 c9d62a41c8&rgn=div5&view=text&node=20:1.0.1.2.2&idno=20#se20.1.10_1707.

II. Desired Focus of Comments

OWCP/DFELHWC is soliciting comments concerning the proposed information collection related to the Statement of Recovery. OWCP/DFELHWC is particularly interested in comments that:

- Evaluate whether the collection of information is necessary for the proper performance of the functions of the Agency, including whether the information has practical utility;
- Evaluate the accuracy of OWCP/DFELHWC’s estimate of the burden related to the information collection, including the validity of the methodology and assumptions used in the estimate;
- Suggest methods to enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the information collection on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

Background documents related to this information collection request are available at <https://regulations.gov> and at DOL-OWCP/DFELHWC located at 200 Constitution Ave. NW, Room S-3323, Washington, DC 20210. Questions about the information collection requirements may be directed to the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this notice.

III. Current Actions

This information collection request concerns the Statement of Recovery, Long Form CA-1108 and Short Form CA-1122. OWCP/DFELHWC has updated the data with respect to the number of respondents, responses, burden hours, and burden costs supporting this information collection request from the previous information collection request.

Type of Review: Extension, without change, of a currently approved collection.

Agency: Office of Workers’ Compensation Programs, Division of Federal Employees’ Longshore, and

Harbor Workers’ Compensation, OWCP/DFELHWC.

OMB Number: 1240-0001.

Affected Public: Private Sector—

Business or other For-profits.

Number of Respondents: 1,392.

Frequency: On Occasion.

Number of Responses: 1,392.

Annual Burden Hours: 640 hours.

Annual Respondent or Recordkeeper Cost: \$32.00.

OWCP/DFELHWC 1240-0001: OWCP/DFELHWC Statement of Recovery Forms.

Comments submitted in response to this notice will be summarized in the request for Office of Management and Budget approval of the proposed information collection request; they will become a matter of public record and will be available at <https://www.reginfo.gov>.

Anjanette Suggs,

Certifying Officer.

[FR Doc. 2024-19860 Filed 9-4-24; 8:45 am]

BILLING CODE 4510-CH-P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Institute of Museum and Library Services

Submission for OMB Review, Comment Request, Proposed Collection: Improving Customer Experience (OMB Circular A-11, Section 280 Implementation)

AGENCY: Institute of Museum and Library Services, National Foundation on the Arts and the Humanities.

ACTION: Submission for OMB Review, request for comments, collection of information.

SUMMARY: The Institute of Museum and Library Services (IMLS) as part of its continuing effort to reduce paperwork and respondent burden, is announcing an opportunity for public comment on the renewal of a proposed collection of information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, and to allow 60 days for public comment in response to the notice. This Notice solicits comments on a renewal of a collection to gather customer and stakeholder feedback via customer interviews, feedback surveys, and rapid feedback user testing of website experiences to improve customer experience with IMLS services of various kinds. For more information on the types of proposed information

collection requests IMLS may make under this clearance, contact the individual listed below in the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section below on or before October 4, 2024.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be sent within 30 days of publication of this Notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting "Institute of Museum and Library Services" under "Currently Under Review;" then check "Only Show ICR for Public Comment" checkbox. Once you have found this information collection request, select "Comment," and enter or upload your comment and information. Alternatively, please mail your written comments to Office of Information and Regulatory Affairs, Attn.: OMB Desk Officer for Education, Office of Management and Budget, Room 10235, Washington, DC 20503, or call (202) 395-7316.

OMB is particularly interested in comments that help the agency to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

FOR FURTHER INFORMATION CONTACT: Requests for additional information should be directed to Todd Rubin, Office of Management and Budget, 725 17th St. NW, Washington, DC 20006, 202-881-6991, via email to todd.w.rubin2@omb.eop.gov.

SUPPLEMENTARY INFORMATION: The Institute of Museum and Library Services is the primary source of federal support for the nation's libraries and museums. We advance, support, and empower America's museums, libraries,

and related organizations through grant making, research, and policy development. To learn more, visit www.imls.gov.

Current Actions: IMLS is requesting renewal of an existing collection to gather customer feedback and improve customer experience in alignment with OMB Circular A-11 Section 280. OMB Circular A-11 Section 280 established government-wide standards for mature customer experience organizations in government and measurement. To enable Federal programs to deliver the experience taxpayers deserve, they must undertake three general categories of activities: conduct ongoing customer research, gather and share customer feedback, and test services and digital products.

These data collection efforts may be either qualitative or quantitative in nature or may consist of mixed methods. Additionally, data may be collected via a variety of means, including but not limited to electronic or social media, direct or indirect observation (i.e., in person, video and audio collections), interviews, questionnaires, surveys, and focus groups. IMLS will limit its inquiries to data collections that solicit strictly voluntary opinions or responses. Steps will be taken to ensure anonymity of respondents in each activity covered by this request.

The results of the data collected will be used to improve the delivery of Federal services and programs. It will include the creation of personas, customer journey maps, and reports and summaries of customer feedback data and user insights. It will also provide government-wide data on customer experience that can be displayed on performance.gov to help build transparency and accountability of Federal programs to the customers they serve.

The 60-day Notice was published in the **Federal Register** on May 22, 2024 (89 FR 45030) (Document Number: 2024-11235). The agency received no comments in response to this Notice.

Agency: Institute of Museum and Library Services.

Title: Improving Customer Experience (OMB Circular A-11, Section 280 Implementation).

OMB Control Number: 3137-0130.

Agency Number: 3137.

Respondents/Affected Public: Museum staff, library staff, IMLS applicants.

Total Number of Respondents: 2,001,550.

Frequency of Response: Once per respondent per request.

Average/Hours per Response: Varied, dependent upon the data collection method used. The possible response time to complete a questionnaire or survey may be 3 minutes or up to 2 hours to participate in an interview.

Total Estimated Annual Burden Hours: 101,125.

Total Annual Cost Burden: \$3,040,852.50.

Dated: August 30, 2024.

Suzanne Mbollo,

Grants Management Specialist, Institute of Museum and Library Services.

[FR Doc. 2024-19934 Filed 9-4-24; 8:45 am]

BILLING CODE 7036-01-P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Institute of Museum and Library Services

Submission for OMB Review, Comment Request, Proposed Collection: Gathering Community Spotlights To Highlight Efforts of Local Practitioners To Improve Information Literacy: Collection Process To Populate Community Spotlights

AGENCY: Institute of Museum and Library Services, National Foundation on the Arts and the Humanities.

ACTION: Submission for OMB Review, request for comments, collection of information.

SUMMARY: The Institute of Museum and Library Services announces that the following information collection has been submitted to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. This Notice proposes the clearance of the *Gathering Community Spotlights to Highlight Efforts of Local Practitioners to Improve Information Literacy: Collection Process to Populate Community Spotlights*.

A copy of the proposed information collection request can be obtained by contacting the individual listed below in the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section below on or before October 04, 2024.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be sent within 30 days of publication of this Notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting “Institute of Museum and Library Services” under “Currently Under Review;” then check “Only Show ICR for Public Comment” checkbox. Once you have found this information collection request, select “Comment,” and enter or upload your comment and information. Alternatively, please mail your written comments to Office of Information and Regulatory Affairs, Attn.: OMB Desk Officer for Education, Office of Management and Budget, Room 10235, Washington, DC 20503, or call (202) 395–7316.

OMB is particularly interested in comments that help the agency to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

FOR FURTHER INFORMATION CONTACT:

Katherine Maas, Chief of Staff, Institute of Museum and Library Services, 955 L’Enfant Plaza North SW, Suite 4000, Washington DC 20024–2135. Ms. Maas can be reached by telephone at 202–653–4798, or by email at info@imls.gov. Persons who are deaf or hard of hearing (TTY users) can contact IMLS at 202–207–7858 via 711 for TTY-Based Telecommunications Relay Service.

SUPPLEMENTARY INFORMATION: The Institute of Museum and Library Services is the primary source of federal support for the nation’s libraries and museums. We advance, support, and empower America’s museums, libraries, and related organizations through grant making, research, and policy development. To learn more, visit www.imls.gov.

Current Actions: This Notice proposes the clearance of *Gathering Community*

Spotlights to Highlight Efforts of Local Practitioners to Improve Information Literacy: Collection Process to Populate Community Spotlights.

IMLS, in conjunction with the Information Literacy Taskforce (Taskforce), is leading an initiative to develop guidance, instructional materials, and national strategies on Information Literacy. IMLS seeks to gather Community Spotlights from their network of local practitioners known to be successfully building information literacy in their communities and to publish the Community Spotlights on InformationLiteracy.gov. This network of local practitioners includes IMLS grantees, Taskforce member agency grantees, and knowledge sharing cohort members and recruitment lists. IMLS is seeking approval to gather information from 3 organizations per quarter. All participation is strictly voluntary.

The 60-day Notice was published in the **Federal Register** on June 4, 2024 (89 FR 47992) (Document Number: 2024–12242). The agency received no comments in response to this Notice.

Agency: Institute of Museum and Library Services.

Title: Gathering Community Spotlights to Highlight Efforts of Local Practitioners to Improve Information Literacy: Collection Process to Populate Community Spotlights.

OMB Control Number: 3137–NEW.

Agency Number: 3137.

Respondents/Affected Public: IMLS will seek to collect Community Spotlights from grantees, Taskforce member agency grantees, and knowledge sharing cohort members and recruitment lists. Examples of practitioners doing this work are museum workers and librarians.

Total Number of Respondents: 75.

Frequency of Response: Once per request.

Average Minutes Per Response: 50.

Total Estimated Annual Burden

Hours: 45.

Total Annual Cost Burden: \$1,508.40.

Total Annual Federal Costs: \$41,762.88.

Dated: August 29, 2024.

Suzanne Mbollo,

Grants Management Specialist, Institute of Museum and Library Services.

[FR Doc. 2024–19897 Filed 9–4–24; 8:45 am]

BILLING CODE 7036–01–P

NEIGHBORHOOD REINVESTMENT CORPORATION

Sunshine Act Meetings

TIME AND DATE: 1:00 p.m., Friday, September 13, 2024.

PLACE: via ZOOM.

STATUS: Parts of this meeting will be open to the public. The rest of the meeting will be closed to the public.

MATTERS TO BE CONSIDERED: Special Board of Directors meeting.

The General Counsel of the Corporation has certified that in her opinion, one or more of the exemptions set forth in the Government in the Sunshine Act, 5 U.S.C. 552b(c)(2) permit closure of the following portion(s) of this meeting:

- Executive (Closed) Session

Agenda

- Call to Order
- Sunshine Act Approval of Executive (Closed) Session
- Executive Session: Special Topic
- Action Item: Approval of Special Topic Resolution
- Discussion Item: Overview of Strategic Planning Process and Discussion Questions
- Discussion Item: Key Themes from Market Research and Internal Scan
- Discussion Item: Emerging Strategic Focus Areas
- Discussion Item: Next Steps

PORTIONS OPEN TO THE PUBLIC:

Everything except the Executive (Closed) Session.

PORTIONS CLOSED TO THE PUBLIC:

Executive (Closed) Session.

CONTACT PERSON FOR MORE INFORMATION:

Jenna Sylvester, Paralegal, (202) 568–2560; jsylvester@nw.org.

Jenna Sylvester,

Paralegal.

[FR Doc. 2024–20117 Filed 9–3–24; 4:15 pm]

BILLING CODE 7570–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50–611 and 50–612; NRC–2023–0138]

Kairos Power, LLC; Hermes 2; Environmental Assessment, Finding of No Significant Impact, and Exemptions

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is issuing an environmental assessment (EA) and finding of no significant impact (FONSI) regarding the NRC’s consideration of issuance of a construction permit (CP) to Kairos Power, LLC (Kairos, the applicant) for the proposed Hermes 2 test reactor facility located in Oak Ridge, Tennessee. If approved, the CP would

authorize the construction of two fluoride-salt cooled, high-temperature reactors that use solid tri-structural isotropic fuel in pebble form, intermediate liquid-sodium loops, and a common power conversion unit. In addition, the NRC is issuing exemptions from certain NRC requirements which state that the NRC staff shall prepare and issue an environmental impact statement (EIS) to support the issuance of a CP for a testing facility. The NRC is granting the exemptions and issuing the EA and FONSI concurrently to satisfy its obligations under the National Environmental Policy Act of 1969 (NEPA) and requirements under NRC regulations, related to the proposed action.

DATES: The EA and FONSI referenced in this document were available on August 30, 2024. The exemption was issued on August 30, 2024.

ADDRESSES: Please refer to Docket ID NRC–2023–0138 when contacting the NRC about the availability of information regarding this document. You may obtain publicly available information related to this document using any of the following methods:

- **Federal Rulemaking Website:** Go to <https://www.regulations.gov> and search for Docket ID NRC–2023–0138. Address questions about Docket IDs in [Regulations.gov](https://www.regulations.gov) to Stacy Schumann; telephone: 301–415–0624; email: Stacy.Schumann@nrc.gov. For technical questions, contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **NRC's Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "Begin Web-based ADAMS Search." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to PDR.Resource@nrc.gov. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the "Availability of Documents" section.

- **NRC's PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Cayetano Santos Jr., Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–7270; email: Cayetano.Santos@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. Introduction

On July 14, 2023, Kairos submitted, pursuant to part 50 of title 10 of the *Code of Federal Regulations* (10 CFR), "Domestic Licensing of Production and Utilization Facilities," a CP application for the Hermes 2 test reactor facility (a "testing facility" as defined in 10 CFR 50.2, "Definitions"). The application included an environmental report (ER), as required by 10 CFR 50.30(f). On September 11, 2023, the NRC staff determined that the application was acceptable for docketing under Docket Nos. 50–611 and 50–612 (88 FR 63632). If approved, the Hermes 2 test reactor facility would be located in Oak Ridge, Tennessee, and would contain two fluoride-salt cooled, high-temperature reactors that use solid tri-structural isotropic fuel in pebble form, intermediate liquid-sodium loops, and a common power conversion unit. The facility would be collocated on the same site as the Hermes 1 test reactor, which was approved for construction on December 14, 2023. The staff issued the EIS for the Kairos Hermes 1 CP application in August 2023, which determined that the action would result in SMALL (*i.e.*, not detectable or so minor that they will neither destabilize nor noticeably alter any important attribute of an environmental resource) impacts for all resource areas.

Section 104 of the Atomic Energy Act of 1954, as amended, and its implementing regulations authorize the NRC to issue CPs for testing facilities. To issue a CP, the NRC is required to consider the environmental impacts of the proposed action under NEPA. The NRC's environmental protection regulations that implement NEPA in 10 CFR part 51 identify actions for which the NRC prepares an EIS. CPs for test reactors are an action identified as requiring an EIS.

However, based on a review of the ER submitted as part of the CP application for Hermes 2 and the results of the EIS issued for Hermes 1, the NRC staff concluded that it would be prudent to first prepare a draft EA to determine whether preparation of an EIS would be necessary or whether a FONSI could be issued for the Hermes 2 CP based on factors unique to the Hermes 2 CP application. These factors include: (1) the similar design of Hermes 2 and Hermes 1, (2) the proposed siting of

Hermes 2 within a few hundred feet of Hermes 1, (3) the industrial nature and heavy prior disturbance of the site, (4) the recent thorough NEPA review performed by the staff as published in its EIS for Hermes 1, and (5) the staff's final EIS for Hermes 1 covering the same site as Hermes 2 and documenting all impacts as SMALL.

The NRC staff prepared a draft EA for the Hermes 2 CP application in accordance with the requirements in 10 CFR 51.30, "Environmental assessment." In the draft EA, the NRC staff analyzed the environmental impacts of the CP application and alternatives, as appropriate, and concluded "that the potential impacts from Hermes 2 would be SMALL for each potentially affected environmental resource." Based on these results, the NRC staff prepared a draft FONSI for public review and comment in accordance with 10 CFR 51.33, "Draft finding of no significant impact; distribution." The draft FONSI stated that "the NRC staff has preliminarily determined that the proposed action would not have a significant effect on the quality of the human environment." The NRC staff issued the draft EA and draft FONSI in the **Federal Register** and offered a 30-day public comment period (89 FR 32462).

After appropriate consideration of the public comments, the NRC staff finalized the EA for the Hermes 2 CP application, which is summarized in Section II of this document. Based on this final EA and in accordance with 10 CFR 51.31(a), "Determinations based on environmental assessment," the NRC has determined that preparation of an EIS is not necessary for the Hermes 2 CP application and has prepared a FONSI in accordance with 10 CFR 51.32, "Finding of no significant impact." The FONSI is detailed in Section III of this document.

As described in Section V of this document, the NRC staff determined that exemptions from the regulations in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a) are necessary to issue a final EA and FONSI instead of an EIS to meet the staff's obligations under NEPA and the NRC's regulations for the environmental review of the Hermes 2 CP application.¹ Pursuant to 10 CFR 51.6, the NRC staff concluded that the exemptions are authorized by law and otherwise in the public interest.

¹ Memorandum from Daniel H. Dorman, Executive Director for Operations, to the Commissioners, dated September 13, 2023, described the NRC staff's intent to consider granting exemptions to implement this environmental review approach for the Kairos Hermes 2 construction permit application.

Accordingly, the NRC staff is granting exemptions from the requirements in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a). The exemptions are discussed in Section V of this document.

II. Summary of Environmental Assessment

Description of the Proposed Action and Need

The proposed action is for the NRC to issue CPs to Kairos authorizing construction of the two proposed Hermes 2 reactors. The NRC issuance of CPs would constitute authorization for Kairos to proceed with the construction of the two Hermes 2 fluoride salt-cooled test reactors at a site within the East Tennessee Technology Park in Oak Ridge, Tennessee. The proposed action also includes the granting of exemptions from the requirements in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a).

The issuance of a CP is a separate licensing action from the issuance of an operating license (OL). If the NRC issues CPs for Hermes 2 and Kairos were to seek NRC approval to operate Hermes 2, then Kairos would have to submit a separate application for OLs pursuant to the NRC's regulations, and Kairos would have to obtain NRC approval before it could operate the Hermes 2 test reactors. The NRC staff would review any application for an OL for Hermes 2 for new and significant information related to the environmental impacts of operating and decommissioning Hermes 2 that might alter the staff's conclusions made in the EA for the CP application.

The need for Hermes 2 is to demonstrate key elements of the Kairos Power Fluoride Salt-Cooled, High Temperature Reactor technology for possible future commercial deployment. The technology is an advanced nuclear reactor technology that leverages tri-structural isotropic particle fuel in pebble form combined with a low-pressure fluoride salt coolant. Hermes 2 would support Kairos's reactor development program, which relies on learning and risk reduction by narrowing the design space through progressive test cycles. Construction

and operation of Hermes 2 also would provide validation and qualification data to support potential future commercial reactors using the Kairos Power Fluoride Salt-Cooled, High Temperature Reactor technology.

Environmental Impacts of the Proposed Action

In the final EA, the NRC staff assessed the potential direct and indirect environmental impacts from the proposed action associated with the following relevant resource areas: land use and visual resources; air quality and noise; hydrogeology and water resources; ecological resources; historic and cultural resources; socioeconomic and environmental justice; human health; nonradiological waste management; uranium fuel cycle and radiological waste management; transportation of radioactive material; and postulated accidents. The NRC staff also considered the cumulative impacts from past, present, and reasonably foreseeable future actions when combined with the proposed action.

In the final EA, the NRC staff determined that the environmental impacts of the proposed action would be SMALL for each potentially affected environmental resource, meaning that the environmental effects are not detectable or are so minor that they will neither destabilize nor noticeably alter any important attribute of the resource. In addition, the NRC staff determined that the projected effects of climate change would not alter any of the impact determinations described in the EA. Furthermore, the NRC staff found that there would be no significant cumulative impact to any resource area from the proposed action when added to other past, present, and reasonably foreseeable future actions. The NRC staff also determined that there would be no additional environmental impacts resulting from the issuance of the exemptions.

Environmental Impacts of the Alternatives to the Proposed Action

The NRC staff identified a range of reasonable alternatives to the proposed action and the environmental impacts of the alternatives as appropriate. The NRC

staff identified and analyzed the reasonable alternatives to authorizing the exemptions as well. The NRC staff determined that there are no alternatives that meet the purpose and need for the proposed action and exemptions that are environmentally preferable to the proposed action and exemptions.

III. Finding of No Significant Impact

The proposed action before the NRC is whether to issue CPs (one for each unit) to Kairos to authorize construction of the two proposed reactors making up the Hermes 2 project. The proposed action also includes whether to grant exemptions from the requirements in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a). The NRC has conducted an environmental review of the Kairos application for the CPs for the Hermes 2 project as well as the proposed exemptions and prepared an EA. This FONSI incorporates by reference the EA summarized in Section II of this notice and referenced in Section IV of this notice. Based on the NRC staff's determinations in the EA that the environmental impacts would be SMALL for each potentially affected resource area and there would be no additional environmental impacts resulting from the issuance of the exemptions, the NRC staff has determined, after consideration of public comments, that the proposed action would not have a significant effect on the quality of the human environment. Accordingly, the NRC staff has made a determination that preparation of an EIS is not required for the proposed action and that a FONSI is warranted. This finding and the related environmental documents referenced throughout the EA are available for public inspection as discussed in the EA and Section IV of this notice.

IV. Availability of Documents

The EA, FONSI, and other related documents are accessible online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. The documents identified in the following table are available to interested persons through ADAMS, as indicated.

Document description	ADAMS accession No.
Environmental Assessment and Finding of No Significant Impact for the Construction Permits and Environmental Review Exemptions for the Kairos Hermes 2 Test Reactors, Final Report, dated August 2024.	ML24240A034.
Environmental Assessment and Finding of No Significant Impact for the Construction Permits for the Kairos Hermes 2 Test Reactors, Draft Report for Comment, dated April 2024.	ML24103A002.
Kairos Power, LLC—Issuance of Construction Permit for Hermes 1 Test Reactor, dated December 14, 2023.	ML23338A260 (Package).
Kairos Power, LLC, Submittal of the Construction Permit Application for the Hermes 2 Kairos Power Fluoride Salt-Cooled, High Temperature Non-Power Reactor, dated July 14, 2023.	ML23195A121 (Package).

Document description	ADAMS accession No.
Kairos Power, LLC, Hermes 2 Non-Power Reactor Environmental Report, dated July 14, 2023 SECY-23-0080, "Environmental Review Approach for the Kairos Power, LLC, Hermes 2 Construction Permit Application," dated September 13, 2023. NUREG-2263, "Environmental Impact Statement for the Construction Permit for the Kairos Hermes [1] Test Reactor," Final Report, dated August 2023.	ML23195A125. ML23214A165. ML23214A269.

V. Exemptions

Background

In 2021 Kairos submitted a CP application and ER for the Hermes 1 test reactor facility in Oak Ridge, Tennessee. The NRC's regulations in 10 CFR part 51 implement NEPA, and in accordance with 10 CFR 51.20(b)(1), the NRC staff is required to develop an EIS for the issuance of the CP for a testing facility. As a result, the NRC staff issued an EIS for the Kairos Hermes 1 CP application in August 2023, which determined that the action would result in SMALL (*i.e.*, not detectable or so minor that they will neither destabilize nor noticeably alter any important attribute of an environmental resource) impacts for all resource areas. On December 14, 2023, the NRC issued a CP to Kairos for the Hermes 1 facility.

On July 14, 2023, Kairos filed another CP application and ER for the Hermes 2 test reactor facility also located in Oak Ridge, Tennessee. On September 11, 2023, the NRC staff determined that the Hermes 2 CP application was acceptable for docketing. If approved, the Hermes 2 test reactor facility would also be located in Oak Ridge, Tennessee within a few hundred feet of the site for the previously approved CP for the Hermes 1 test reactor facility. Hermes 1 is a single unit test reactor facility while Hermes 2 is a two-unit facility. Both Hermes 1 and Hermes 2 would employ Kairos's fluoride-salt cooled, high-temperature reactor technology that uses solid tri-structural isotropic fuel in pebble form. Hermes 2 would also include intermediate salt loops and a common power generation system. The Hermes 2 facility includes most of the same structures, systems, and components as the Hermes 1 facility and large portions of the Hermes 2 preliminary safety analysis report are identical to that for Hermes 1.

Action

The regulations in 10 CFR part 51 implement NEPA in a manner that is consistent with NRC's domestic licensing and related regulatory authority under the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, as amended. The NRC's environmental protection regulations that implement

NEPA in 10 CFR part 51 identify actions for which the NRC prepares an EIS. CPs for test reactors are an action identified as requiring an EIS.

However, based on a review of the ER submitted as part of the CP application for Hermes 2 and the results of the EIS issued for Hermes 1, the NRC staff concluded that it would be prudent to first prepare an EA to determine whether preparation of an EIS would be necessary or whether a FONSI could be issued for the Hermes 2 CP based on factors unique to the Hermes 2 CP application. On April 26, 2024 (89 FR 32462), the NRC staff issued a draft EA and draft FONSI and offered a 30-day public comment period. The NRC staff finalized the EA for the Hermes 2 CP application, which is summarized in Section II of this document. Based on this final EA and consideration of public comments, the NRC has determined that preparation of an EIS is not necessary for the Hermes 2 CP application and has prepared a FONSI, which is detailed in Section III of this document.

The NRC staff determined that exemptions from the regulations in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a) are necessary to issue a final EA and FONSI instead of an EIS to meet the staff's obligations under NEPA and the NRC's regulations for the environmental review of the Hermes 2 CP application. The regulation in 10 CFR 51.20(b)(1) requires an EIS or a supplement to an EIS for the issuance of a permit to construct a testing facility. Based on the final EA, which is summarized in Section II of this document, and in accordance with 10 CFR 51.31(a), the NRC staff has determined that preparation of an EIS is not necessary for the Hermes 2 CP application and has prepared a FONSI, which is detailed in Section III of this document. Since the NRC staff is issuing a FONSI instead of an EIS for the Hermes 2 CP environmental review, an exemption from 10 CFR 51.20(b)(1) is needed.

The regulation in 10 CFR 51.25 requires that the appropriate NRC staff director determine on the basis of the criteria and classifications of types of actions in 10 CFR 51.20, "Criteria for and identification of licensing and regulatory actions requiring

environmental impact statements," whether an EIS or EA should be prepared. The NRC staff did not use the criteria in 10 CFR 51.20 to determine whether an EIS or EA should be prepared for the Hermes 2 CP environmental review. Instead, based on factors unique to the Hermes 2 CP application, the NRC staff prepared an EA to determine whether preparation of an EIS would be necessary or whether a FONSI could be issued. Therefore, an exemption from 10 CFR 51.25 is needed.

The regulation in 10 CFR 51.75(a) requires preparation of a draft EIS related to the issuance of a CP for a production or utilization facility. The NRC staff prepared an EA for the Hermes 2 CP environmental review to determine whether preparation of an EIS would be necessary or whether a FONSI could be issued. Since no draft EIS related to the Hermes 2 CP environmental review was prepared, an exemption from 10 CFR 51.75(a) is needed.

Discussion

Pursuant to 10 CFR 51.6, "Specific exemptions," the Commission may, upon application of any interested person, or upon its own initiative, grant exemptions from the requirements of 10 CFR part 51 that it determines are (1) authorized by law and (2) otherwise in the public interest.

Exemptions Are Authorized by Law

As discussed as follows, the exemptions allowing the NRC staff to issue a final EA and FONSI instead of an EIS are authorized by law because the NRC will satisfy its NEPA obligations by issuing a final EA and FONSI for the Hermes 2 testing facility, and the issuance of this final EA and FONSI will not violate any other applicable statute or NRC regulation. NEPA provides flexibility for how the NRC can satisfy its statutory obligations. Section 102(2)(C) of NEPA, as amended by the Fiscal Responsibility Act of 2023, states that agencies must provide a "detailed statement" for "major Federal actions significantly affecting the quality of the human environment." Section 106(b)(1) of NEPA states that any agency shall issue an EIS for an action "that has a reasonably foreseeable significant effect on the quality of the

human environment.” Section 106(b)(2) states that an agency shall prepare an EA for an action “that does not have a reasonably foreseeable significant effect on the quality of the human environment, or if the significance of such effect is unknown,” unless the agency finds that the proposed action is excluded pursuant to, among other things, another provision of law. Further, Section 106(b)(2) provides that the EA shall be a concise public document prepared by a Federal agency to set forth the basis of such agency’s finding of no significant impact or determination that an environmental impact statement is necessary.

The draft EA for Hermes 2 evaluated the potential impacts to 11 environmental resources relevant to the construction, operation, and decommissioning of the Hermes 2 test reactor facility. In the draft EA, the NRC staff incorporated by reference significant portions of the final EIS for Hermes 1 based on the following considerations: (1) the staff’s final EIS for Hermes 1, which covered the same site as Hermes 2; (2) the recent publication of the Hermes 1 final EIS in 2023; and (3) the significant design similarities between Hermes 2 and Hermes 1. The draft EA concluded that the environmental impacts would be SMALL for each of the 11 potentially affected resource areas, and that the proposed action would not have a significant effect on the quality of the human environment.

The draft EA and draft FONSI were issued for public comment over a 30-day period beginning on April 26, 2024 (89 FR 32462). The NRC received comments from multiple Federal, state, and local agencies, other stakeholders, and the public. The NRC staff prepared responses to each comment and presented the comments and responses in an appendix to the EA. After consideration of these public comments, the NRC staff finalized the EA for the Hermes 2 CP application. Based on this final EA and in accordance with 10 CFR 51.31(a), the NRC has determined that preparation of an EIS is not necessary for the Hermes 2 CP application and has prepared a FONSI in accordance with 10 CFR 51.32. The final EA and FONSI are detailed in Section II and III of this document, respectively. As such, the NRC staff concludes that its statutory obligations under NEPA will be satisfied by issuance of the final EA and FONSI.

As previously noted, 10 CFR 51.6 allows the NRC to grant exemptions from the requirements of 10 CFR part 51. The NRC has determined that granting the proposed exemptions will not result in a violation of the Atomic

Energy Act of 1954, as amended, NEPA, other applicable statutes, or the NRC’s regulations. Accordingly, the NRC finds that the exemptions are authorized by law.

Exemptions Are Otherwise in the Public Interest

The NRC staff has determined that the exemptions are in the public interest because they allow the Commission to regulate with efficiency and openness in accordance with the NRC’s “Principles of Good Regulation”² while still allowing adequate opportunity for public involvement. Specifically, the exemptions are in the public interest because they enhance public confidence in the NRC by demonstrating the NRC’s commitment to efficiency and openness as principles of good regulation. The NRC’s mission is to regulate the nation’s civilian use of radioactive materials to provide reasonable assurance of adequate protection of public health and safety and to promote common defense and security and to protect the environment. The NRC adheres to its Principles of Good Regulation in carrying out this mission. These principles focus on ensuring safety and security while appropriately balancing the interests of NRC’s stakeholders, including the public interest.

The NRC describes the “Efficiency” principle, in part, as follows: “Regulatory activities should be consistent with the degree of risk reduction they achieve. Where several effective alternatives are available, the option, which minimizes the use of resources should be adopted. Regulatory decisions should be made without undue delay.” Consistent with the NRC’s “Efficiency” principle, granting these exemptions, allows the NRC staff to “minimize the use of resources” and make its regulatory decision as efficiently as possible while still fulfilling its NEPA obligations through the issuance of an EA and FONSI. The NRC staff estimates that the duration of the Hermes 2 CP environmental review was reduced by 3 to 6 months compared to doing an EIS. The time and resource savings on the environmental review for the Hermes 2 CP allows the NRC staff to allocate those resources to environmental reviews of other proposed projects, thereby helping the agency to better fulfill its mission of protecting people and the environment in a timely manner.

The exemptions are also in the public interest because preparation of a draft EA and draft FONSI for the Hermes 2 CP in accordance with 10 CFR 51.33 and

consideration of public comments provided adequate opportunity for public involvement consistent with the NRC’s “Openness” principle of good regulation. This principle is described, in part, as follows: “Nuclear regulation is the public’s business, and it must be transacted publicly and candidly. The public must be informed about and have the opportunity to participate in the regulatory processes as required by law.” The staff determined that a 30-day public comment period on the draft EA offered stakeholders an adequate opportunity to comment on a project on a site and reactor technology with which they have recently become familiarized through the NRC’s environmental review for Hermes 1.

In accordance with the NRC regulations in 10 CFR part 51 that implement NEPA, the NRC staff considered the environmental impacts of the construction of the Hermes 1 test reactor facility by preparing an EIS. The NRC staff conducted a thorough environmental review which included scoping, consultation with Federal agencies and Tribal officials, an environmental audit, public meetings, and a public comment period. These public involvement opportunities were used by the staff to support development of an EIS. In August 2023 the NRC staff issued the EIS for the Hermes 1 CP application which determined that the action would result in SMALL impacts for all resource areas.

Since the Hermes 1 and Hermes 2 test reactor facilities are of similar design and will be located at the same site, the NRC staff’s decision to prepare an EA and FONSI for Hermes 2 was informed by the EIS for Hermes 1, including public and other stakeholder comments used to scope the EIS and to finalize the draft EIS. Substantial portions of the Hermes 1 EIS, reflecting scoping comments and comments received on the draft EIS, were incorporated by reference into the EA for Hermes 2. Since the final EIS for Hermes 1 was issued recently (in August 2023) and significant portions of it were incorporated by reference into the EA for Hermes 2, public involvement in the Hermes 1 EIS is pertinent to and reflected in the Hermes 2 EA. The NRC staff also published the draft EA and draft FONSI for the Hermes 2 CP application in the **Federal Register** in accordance with 10 CFR 51.33 and offered a 30-day period for the public to comment (89 FR 32462, April 26, 2024). By doing this, the NRC staff preserved ample opportunity for the public to remain informed and raise any

² <https://www.nrc.gov/about-nrc/values.html>.

additional environmental concerns specific to Hermes 2.

Accordingly, for the previously stated reasons, the NRC finds that the exemptions are otherwise in the public interest.

Environmental Considerations for Exemptions

In accordance with 10 CFR 51.31(a), the Commission has determined that the granting of these exemptions will not have a significant effect on the quality of the human environment, as discussed in the NRC staff's final EA and FONSI. A summary of the EA and the detailed FONSI are located in Sections II and III of this document, respectively.

Exemption Conclusion

Accordingly, the NRC has determined that pursuant to 10 CFR 51.6, that the exemptions are authorized by law and otherwise in the public interest. Therefore, the NRC hereby grants one-time exemptions from the requirements in 10 CFR 51.20(b)(1), 10 CFR 51.25, and 10 CFR 51.75(a) to allow the NRC to issue a final EA and FONSI instead of an EIS to meet its obligations under NEPA and the NRC's regulations for the environmental review of the Hermes 2 CP application.

The exemptions are effective on August 30, 2024.

Dated: August 30, 2024.

For the Nuclear Regulatory Commission.

Jeremy Bowen,

Director, Division of Advanced Reactors and Non-power Production and Utilization Facilities, Office of Nuclear Reactor Regulation.

[FR Doc. 2024-19914 Filed 9-4-24; 8:45 am]

BILLING CODE 7590-01-P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2024-582 and CP2024-590; MC2024-583 and CP2024-591; MC2024-586 and CP2024-594; MC2024-587 and CP2024-595; MC2024-588 and CP2024-596; MC2024-589 and CP2024-597; MC2024-590 and CP2024-598; MC2024-591 and CP2024-599; MC2024-592 and CP2024-600; MC2024-593 and CP2024-601; MC2024-594 and CP2024-602; MC2024-595 and CP2024-603; MC2024-596 and CP2024-604]

New Postal Products

AGENCY: Postal Regulatory Commission.
ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission's consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 9, 2024.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Docketed Proceeding(s)

I. Introduction

The Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to negotiated service agreement(s). The request(s) may propose the addition or removal of a negotiated service agreement from the Market Dominant or the Competitive product list, or the modification of an existing product currently appearing on the Market Dominant or the Competitive product list.

Section II identifies the docket number(s) associated with each Postal Service request, the title of each Postal Service request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 (Public Representative). Section II also establishes comment deadline(s) pertaining to each request.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

The Commission invites comments on whether the Postal Service's request(s) in the captioned docket(s) are consistent with the policies of title 39. For request(s) that the Postal Service states concern Market Dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3030, and 39 CFR part 3040, subpart B. For request(s)

that the Postal Service states concern Competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3040, subpart B. Comment deadline(s) for each request appear in section II.

II. Docketed Proceeding(s)

1. *Docket No(s).*: MC2024-582 and CP2024-590; *Filing Title:* USPS Request to Add Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 44 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 29, 2024; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative:* Arif Hafiz; *Comments Due:* September 9, 2024.

2. *Docket No(s).*: MC2024-583 and CP2024-591; *Filing Title:* USPS Request to Add Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 45 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 29, 2024; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative:* Arif Hafiz; *Comments Due:* September 9, 2024.

3. *Docket No(s).*: MC2024-586 and CP2024-594; *Filing Title:* USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 273 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 29, 2024; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative:* Arif Hafiz; *Comments Due:* September 9, 2024.

4. *Docket No(s).*: MC2024-587 and CP2024-595; *Filing Title:* USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 274 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 29, 2024; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative:* Almaroof Agoro; *Comments Due:* September 9, 2024.

5. *Docket No(s).*: MC2024-588 and CP2024-596; *Filing Title:* USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 275 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 29, 2024; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3040.130 through

¹ See Docket No. RM2018-3, Order Adopting Final Rules Relating to Non-Public Information, June 27, 2018, Attachment A at 19-22 (Order No. 4679).

3040.135, and 39 CFR 3035.105; *Public Representative*: Almaroof Agoro; *Comments Due*: September 9, 2024.

6. *Docket No(s)*: MC2024–589 and CP2024–597; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 276 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Almaroof Agoro; *Comments Due*: September 9, 2024.

7. *Docket No(s)*: MC2024–590 and CP2024–598; *Filing Title*: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 322 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Alain Brou; *Comments Due*: September 9, 2024.

8. *Docket No(s)*: MC2024–591 and CP2024–599; *Filing Title*: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 323 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Alain Brou; *Comments Due*: September 9, 2024.

9. *Docket No(s)*: MC2024–592 and CP2024–600; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 277 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Christopher C. Mohr; *Comments Due*: September 9, 2024.

10. *Docket No(s)*: MC2024–593 and CP2024–601; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 278 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Jennaca D. Upperman; *Comments Due*: September 9, 2024.

11. *Docket No(s)*: MC2024–594 and CP2024–602; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 279 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39

U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Jennaca D. Upperman; *Comments Due*: September 9, 2024.

12. *Docket No(s)*: MC2024–595 and CP2024–603; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 280 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Jennaca D. Upperman; *Comments Due*: September 9, 2024.

13. *Docket No(s)*: MC2024–596 and CP2024–604; *Filing Title*: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 324 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 29, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Arif Hafiz; *Comments Due*: September 9, 2024.

This Notice will be published in the **Federal Register**.

Erica A. Barker,
Secretary.

[FR Doc. 2024–19956 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL REGULATORY COMMISSION

[**Docket Nos. MC2024–574 and CP2024–582; MC2024–575 and CP2024–583; MC2024–576 and CP2024–584; MC2024–577 and CP2024–585; MC2024–578 and CP2024–586; MC2024–579 and CP2024–587; MC2024–580 and CP2024–588; MC2024–581 and CP2024–589; MC2024–584 and CP2024–592; MC2024–585 and CP2024–593]**

New Postal Products

AGENCY: Postal Regulatory Commission.
ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission’s consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 6, 2024.

ADDRESSES: Submit comments electronically via the Commission’s Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

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- I. Introduction
- II. Docketed Proceeding(s)

I. Introduction

The Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to negotiated service agreement(s). The request(s) may propose the addition or removal of a negotiated service agreement from the Market Dominant or the Competitive product list, or the modification of an existing product currently appearing on the Market Dominant or the Competitive product list.

Section II identifies the docket number(s) associated with each Postal Service request, the title of each Postal Service request, the request’s acceptance date, and the authority cited by the Postal Service for each request. For each request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 (Public Representative). Section II also establishes comment deadline(s) pertaining to each request.

The public portions of the Postal Service’s request(s) can be accessed via the Commission’s website (<http://www.prc.gov>). Non-public portions of the Postal Service’s request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

The Commission invites comments on whether the Postal Service’s request(s) in the captioned docket(s) are consistent with the policies of title 39. For request(s) that the Postal Service states concern Market Dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3030, and 39 CFR part 3040, subpart B. For request(s) that the Postal Service states concern Competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3040, subpart B. Comment deadline(s) for each request appear in section II.

II. Docketed Proceeding(s)

1. *Docket No(s)*: MC2024–574 and CP2024–582; *Filing Title*: USPS Request

¹ See Docket No. RM2018–3, Order Adopting Final Rules Relating to Non-Public Information, June 27, 2018, Attachment A at 19–22 (Order No. 4679).

to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 265 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Kenneth R. Moeller; *Comments Due*: September 6, 2024.

2. *Docket No(s)*: MC2024–575 and CP2024–583; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 266 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Kenneth R. Moeller; *Comments Due*: September 6, 2024.

3. *Docket No(s)*: MC2024–576 and CP2024–584; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 267 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Kenneth R. Moeller; *Comments Due*: September 6, 2024.

4. *Docket No(s)*: MC2024–577 and CP2024–585; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 268 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Christopher C. Mohr; *Comments Due*: September 6, 2024.

5. *Docket No(s)*: MC2024–578 and CP2024–586; *Filing Title*: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 320 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Christopher C. Mohr; *Comments Due*: September 6, 2024.

6. *Docket No(s)*: MC2024–579 and CP2024–587; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 269 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public*

Representative: Christopher C. Mohr; *Comments Due*: September 6, 2024.

7. *Docket No(s)*: MC2024–580 and CP2024–588; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 270 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Alain Brou; *Comments Due*: September 6, 2024.

8. *Docket No(s)*: MC2024–581 and CP2024–589; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 271 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Gregory S. Stanton; *Comments Due*: September 6, 2024.

9. *Docket No(s)*: MC2024–584 and CP2024–592; *Filing Title*: USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 272 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Gregory S. Stanton; *Comments Due*: September 6, 2024.

10. *Docket No(s)*: MC2024–585 and CP2024–593; *Filing Title*: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 321 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: August 28, 2024; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3040.130 through 3040.135, and 39 CFR 3035.105; *Public Representative*: Gregory S. Stanton; *Comments Due*: September 6, 2024.

This Notice will be published in the **Federal Register**.

Erica A. Barker,
Secretary.

[FR Doc. 2024–19864 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 238 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–539, CP2024–547.

Sean C. Robinson,

Attorney, Corporate and Postal Business Law.

[FR Doc. 2024–19982 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Sunshine Act Meetings

TIME AND DATE: Thursday, September 19, 2024, at 1:00 p.m. EST.

PLACE: Washington, DC, at U.S. Postal Service Headquarters, 475 L'Enfant Plaza SW, in the Benjamin Franklin Room.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

Meeting of the Board of Governors

Thursday, September 19, 2024, at 1:00 p.m. EST

1. Strategic and Financial Matters.
2. Administrative Items.

GENERAL COUNSEL CERTIFICATION: The General Counsel of the United States Postal Service has certified that the meeting may be closed under the Government in the Sunshine Act.

CONTACT PERSON FOR MORE INFORMATION: Michael J. Elston, Secretary of the Board of Governors, U.S. Postal Service, 475 L'Enfant Plaza SW, Washington, DC 20260–1000. Telephone: (202) 268–4800.

Lucy C. Trout,

Deputy Secretary.

[FR Doc. 2024–20105 Filed 9–3–24; 4:15 pm]

BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 26, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 250 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–555, CP2024–563.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19994 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 27, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 252*

to Competitive Product List. Documents are available at www.prc.gov, Docket Nos. MC2024–557, CP2024–565.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19996 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 236 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–537, CP2024–545.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19980 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 240 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–541, CP2024–549.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19984 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 242 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–543, CP2024–551.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19986 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a

domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 22, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 246 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-557, CP2024-555.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024-19990 Filed 9-4-24; 8:45 am]
BILLING CODE 7710-12-P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.
ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 241 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-542, CP2024-550.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024-19985 Filed 9-4-24; 8:45 am]
BILLING CODE 7710-12-P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.
ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 26, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 251 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-556, CP2024-564.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024-19995 Filed 9-4-24; 8:45 am]
BILLING CODE 7710-12-P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.
ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 26, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 249 to Competitive Product List*. Documents

are available at www.prc.gov, Docket Nos. MC2024-554, CP2024-562.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024-19993 Filed 9-4-24; 8:45 am]
BILLING CODE 7710-12-P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.
ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 13, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 245 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-546, CP2024-554.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024-19989 Filed 9-4-24; 8:45 am]
BILLING CODE 7710-12-P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.
ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 237 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–538, CP2024–546.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19981 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 27, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 253 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–558, CP2024–566.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19997 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a

domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 26, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 254 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–562, CP2024–570.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19998 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 243 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–544, CP2024–552.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19987 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 239 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–540, CP2024–548.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19983 Filed 9–4–24; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 26, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 248 to Competitive Product List*. Documents

are available at www.prc.gov, Docket Nos. MC2024–553, CP2024–561.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19992 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 5, 2024.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 244 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–545, CP2024–553.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2024–19988 Filed 9–4–24; 8:45 am]
BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35311]

Deregistration Under Section 8(f) of the Investment Company Act of 1940

August 30, 2024.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”)

ACTION: Notice of Applications for Deregistration under Section 8(f) of the Investment Company Act of 1940.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of August 2024. A copy of each application may be obtained via the Commission's website

by searching for the applicable file number listed below, or for an applicant using the Company name search field, on the SEC's EDGAR system. The SEC's EDGAR system may be searched at <https://www.sec.gov/edgar/searchedgar/legacy/companysearch.html>. You may also call the SEC's Public Reference Room at (202) 551–8090. An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at Secretaries-Office@sec.gov and serving the relevant applicant with a copy of the request by email, if an email address is listed for the relevant applicant below, or personally or by mail, if a physical address is listed for the relevant applicant below. Hearing requests should be received by the SEC by 5:30 p.m. on September 24, 2024, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary at Secretaries-Office@sec.gov.

ADDRESSES: The Commission: Secretaries-Office@sec.gov.

FOR FURTHER INFORMATION CONTACT: Shawn Davis, Assistant Director, at (202) 551–6413 or Chief Counsel's Office at (202) 551–6821; SEC, Division of Investment Management, Chief Counsel's Office, 100 F Street NE, Washington, DC 20549–8010.

First Trust New Opportunities MLP & Energy Fund [File No. 811–22902]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to FT Energy Income Partners Enhanced Income ETF, a series of First Trust Exchange-Traded Fund VIII, and on May 6, 2024, made a final distribution to its shareholders based on net asset value. Expenses of \$298,250 incurred in connection with the reorganization were paid by the applicant.

Filing Date: The application was filed on August 5, 2024.

Applicant's Address: 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

First Trust Energy Infrastructure Fund [File No. 811–22528]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to FT Energy Income Partners Enhanced Income ETF, a series of First Trust Exchange-Traded Fund VIII, and on May 6, 2024, made a final distribution to its shareholders based on net asset value. Expenses of \$383,391 incurred in connection with the reorganization were paid by the applicant.

Filing Date: The application was filed on August 5, 2024.

Applicant's Address: 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

First Trust/abrdn Emerging Opportunity Fund [File No. 811–21905]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On December 8, 2022, applicant made liquidating distributions to its shareholders based on net asset value. Expenses of \$57,194 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on August 5, 2024.

Applicant's Address: 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

First Trust Energy Income & Growth Fund [File No. 811–21549]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to FT Energy Income Partners Enhanced Income ETF, a series of First Trust Exchange-Traded Fund VIII, and on May 6, 2024, made a final distribution to its shareholders based on net asset value. Expenses of \$488,150 incurred in connection with the reorganization were paid by the applicant.

Filing Date: The application was filed on August 5, 2024.

Applicant's Address: 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

First Trust MLP & Energy Income Fund [File No. 811–22738]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to FT Energy Income Partners Enhanced Income ETF, a series of First Trust Exchange-Traded

Fund VIII, and on May 6, 2024, made a final distribution to its shareholders based on net asset value. Expenses of \$607,659 incurred in connection with the reorganization were paid by the applicant.

Filing Date: The application was filed on August 5, 2024.

Applicant's Address: 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

Hatteras Lower Middle Market Buyouts Fund [File No. 811-23827]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

Filing Date: The application was filed on July 30, 2024.

Applicant's Address: 8510 Colonnade Center Drive, Suite 150, Raleigh, North Carolina 27615.

Tailwind Endowment Alternatives Fund [File No. 811-23804]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

Filing Date: The application was filed on July 30, 2024.

Applicant's Address: 8510 Colonnade Center Drive, Suite 150, Raleigh, North Carolina 27615.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-19978 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-526, OMB Control No. 3235-0584]

Submission for OMB Review; Comment Request; Extension: Rule 12d1-1

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995

(44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

An investment company ("fund") is generally limited in the amount of securities the fund ("acquiring fund") can acquire from another fund ("acquired fund"). Section 12(d) of the Investment Company Act of 1940 (the "Investment Company Act" or "Act")¹ provides that a registered fund (and companies it controls) cannot:

- acquire more than three percent of another fund's securities;
- invest more than five percent of its own assets in another fund; or
- invest more than ten percent of its own assets in other funds in the aggregate.²

In addition, a registered open-end fund, its principal underwriter, and any registered broker or dealer cannot sell that fund's shares to another fund if, as a result:

- the acquiring fund (and any companies it controls) owns more than three percent of the acquired fund's stock; or
- all acquiring funds (and companies they control) in the aggregate own more than ten percent of the acquired fund's stock.³

Rule 12d1-1 under the Act provides an exemption from these limitations for "cash sweep" arrangements in which a fund invests all or a portion of its available cash in a money market fund rather than directly in short-term instruments.⁴ An acquiring fund relying on the exemption may not pay a sales load, distribution fee, or service fee on acquired fund shares, or if it does, the acquiring fund's investment adviser must waive a sufficient amount of its advisory fee to offset the cost of the loads or distribution fees.⁵ The acquired fund may be a fund in the same fund complex or in a different fund complex. In addition to providing an exemption from section 12(d)(1) of the Act, the rule provides exemptions from section 17(a) of the Act and rule 17d-1 thereunder, which restrict a fund's ability to enter into transactions and joint arrangements with affiliated persons.⁶ These

provisions would otherwise prohibit an acquiring fund from investing in a money market fund in the same fund complex,⁷ and prohibit a fund that acquires five percent or more of the securities of a money market fund in another fund complex from making any additional investments in the money market fund.⁸

The rule also permits a registered fund to rely on the exemption to invest in an unregistered money market fund that limits its investments to those in which a registered money market fund may invest under rule 2a-7 under the Act, and undertakes to comply with all the other provisions of rule 2a-7.⁹ In addition, the acquiring fund must reasonably believe that the unregistered money market fund (i) operates in compliance with rule 2a-7, (ii) complies with sections 17(a), (d), (e), 18, and 22(e) of the Act¹⁰ as if it were a registered open-end fund, (iii) has adopted procedures designed to ensure that it complies with these statutory provisions, (iv) maintains the records required by rules 31a-1(b)(1), 31a-1(b)(2)(ii), 31a-1(b)(2)(iv), and 31a-1(b)(9);¹¹ and (v) preserves permanently, the first two years in an easily accessible place, all books and records required to be made under these rules.

Rule 2a-7 contains certain collection of information requirements. An unregistered money market fund that complies with rule 2a-7 would be subject to these collection of information requirements. In addition, the recordkeeping requirements under rule 31a-1 with which the acquiring

⁷ An affiliated person of a fund includes any person directly or indirectly controlling, controlled by, or under common control with such other person; see 15 U.S.C. 80a-2(a)(3) (definition of "affiliated person"); most funds today are organized by an investment adviser that advises or provides administrative services to other funds in the same complex; funds in a fund complex are generally under common control of an investment adviser or other person exercising a controlling influence over the management or policies of the funds; see 15 U.S.C. 80a-2(a)(9) (definition of "control"); not all advisers control funds they advise; the determination of whether a fund is under the control of its adviser, officers, or directors depends on all the relevant facts and circumstances; see Investment Company Mergers, Investment Company Act Release No. 25259 (Nov. 8, 2001) [66 FR 57602 (Nov. 15, 2001)], at n.11; to the extent that an acquiring fund in a fund complex is under common control with a money market fund in the same complex, the funds would rely on the rule's exemptions from section 17(a) and rule 17d-1.

⁸ See 15 U.S.C. 80a-2(a)(3)(A), (B).

⁹ See 17 CFR 270.2a-7.

¹⁰ See 15 U.S.C. 80a-17(a), 15 U.S.C. 80a-17(d), 15 U.S.C. 80a-17(e), 15 U.S.C. 80a-18, 15 U.S.C. 80a-22(e).

¹¹ See 17 CFR 270.31a-1(b)(1), 17 CFR 270.31a-1(b)(2)(ii), 17 CFR 270.31a-1(b)(2) (iv), 17 CFR 270.31a-1(b)(9).

¹ See 15 U.S.C. 80a.

² See 15 U.S.C. 80a-12(d)(1)(A). If an acquiring fund is not registered, these limitations apply only with respect to the acquiring fund's acquisition of registered funds.

³ See 15 U.S.C. 80a-12(d)(1)(B).

⁴ See 17 CFR 270.12d1-1.

⁵ See rule 12d1-1(b)(1).

⁶ See 15 U.S.C. 80a-17(a), 15 U.S.C. 80a-17(d); 17 CFR 270.17d-1.

fund reasonably believes the unregistered money market fund complies are collections of information for the unregistered money market fund. The adoption of procedures by unregistered money market funds to ensure that they comply with sections 17(a), (d), (e), 18, and 22(e) of the Act also constitute collections of information. By allowing funds to invest in registered and unregistered money market funds, rule 12d1-1 is intended to provide funds greater options for cash management. In order for a registered fund to rely on the exemption to invest in an unregistered money market fund, the unregistered money market fund must comply with certain collection of information requirements for registered

money market funds. These requirements are intended to ensure that the unregistered money market fund has established procedures for collecting the information necessary to make adequate credit reviews of securities in its portfolio, as well as other recordkeeping requirements that will assist the acquiring fund in overseeing the unregistered money market fund (and Commission staff in its examination of the unregistered money market fund's adviser).

The number of unregistered money market funds that are affected by rule 12d1-1 is an estimate based on the number of private liquidity funds reported on Form PF as of the third calendar quarter 2023.¹² We use the

estimated burdens for registered money market funds to extrapolate the information collection burdens for unregistered money market funds under rule 12d1-1.¹³ The estimated average burden hours in this collection of information are made solely for purposes of the Paperwork Reduction Act and are not derived from a quantitative, comprehensive or even representative survey or study of the burdens associated with Commission rules and forms. Based on the estimated burden of information collection for rule 2a-7 and Form PF filings, the estimated burden of information collection for rule 12d1-1 is set forth in Table 2 below.

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Rule 12d1-1 information collection burden estimates for unregistered money market funds

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
Record of credit risk analyses, and determination regarding adjustable rate securities, asset backed securities, securities subject to a demand feature or guarantee, and counterparties to repurchase agreements			
	85 responses annually per 33 liquidity funds ¹⁵	680 burden hours of professional (business analyst or portfolio manager) time per liquidity fund x 33 liquidity funds 680 x 33 =	[\$276 per hour (intermediate business analyst) + \$396 per hour (senior portfolio manager) = \$672] ÷ 2 = \$336 median weighted average per hour \$336 x 22,440 hours =
Total	2,805 estimated responses per liquidity fund annually	22,440 estimated burden hours	\$7,539,840 estimated cost burden
Fund's website disclosures including portfolio holding information, daily and			

¹² See the U.S. Securities and Exchange Commission's Division of Investment Management—Analytics Office Private Funds Statistics, Third Calendar Quarter (March 31, 2024) available at <https://www.sec.gov/files/investment/2023q3-private-funds-statistics-20240331-accessible.pdf>.

¹³ See Securities and Exchange Commission, Request for OMB Approval of Extension for Approved Collection for Rule 2a-7 under the Investment Company Act of 1940 (OMB Control No. 3235-0268) (approved May 28, 2019, August 3, 2022) (the "2022 rule 2a-7 PRA extension"), available at <https://www.reginfo.gov/public/do/>

[PRAViewICR?ref_nbr=202109-3235-024](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202109-3235-024); the 2022 rule 2a-7 PRA extension is the most recent rule 2a-7 submission that includes certain estimates with respect to aggregate annual hour and cost burdens for collections of information for registered money market funds.

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
weekly liquid assets, net shareholder flow, daily current NAV, financial support received by the fund, the imposition and removal of liquidity fees, and the suspension and resumption of fund redemptions			
	<i>Disclosure of Portfolio Holdings Information</i> 12 months x 33 liquidity funds = 396 responses per year	<i>Disclosure of Portfolio Holdings Information</i> [12 hours (one hour per monthly filing) to update the website to include the disclosure of portfolio holdings information x 33 liquidity funds = 396 hours per year] + [24 hours of webmaster time for an estimated 1 new liquidity fund¹⁶ each year to initially develop a webpage and provide monthly disclosure for the initial year = 24 one-time burden hours] = 420 aggregate annual one-time and recurring burden hours for the disclosure of portfolio holdings	<i>Disclosure of Portfolio Holdings Information</i> 396 hours (for 33 liquidity funds) x \$299 (per hour for a webmaster) = \$118,404 (for recurring internal burden labor costs) + 24 hours for 1 new liquidity fund x \$299 (per hour for a webmaster) = \$7,176 = \$125,580 total aggregate annual one-time and recurring labor burdens for disclosure of portfolio holdings
	<i>Disclosure of Daily and Weekly Liquid Assets and Net Shareholder Flow</i> 252 business days x 33 liquidity funds = 8,316 responses per year	<i>Disclosure of Daily and Weekly Liquid Assets and Net Shareholder Flow</i> [36 hours ongoing annual burden x 33 liquidity funds = 1,188 hours per year]	<i>Disclosure of Daily and Weekly Liquid Assets and Net Shareholder Flow</i> [31.5 hours x \$371 (blended rate for a senior systems analyst (\$342)

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
		+ [70 hours for each new liquidity fund x 1 new fund = 70 one-time hours] = 1,258 aggregate annual recurring and one-time burden hours for disclosure of daily and weekly liquid assets and shareholder flow	and senior programmer (\$399) = \$11,687 (per liquidity fund)] + [4.5 hours x \$406 (blended rate for compliance manager (\$372) and a compliance attorney (\$440)) = \$1,827] = \$13,514 (per fund to update the depiction of daily and weekly liquid assets and the liquidity fund's net inflow or outflow on the liquidity fund's website each business day during that year) x 33 liquidity funds = \$445,962 recurring aggregate annual cost burdens for the disclosure of daily and weekly liquid assets and weekly liquid assets and the fund's net inflow or outflow on the liquidity fund's website each business day during the year + [(20 hours x \$406 (blended rate for compliance manager (\$372) and a compliance attorney (\$440)) = \$8,120 + (50 hours x \$371 (blended rate for a senior systems analyst (\$342) and senior programmer (\$399)) = \$18,550] = \$26,670 (internal labor cost burden for each new fund)] = \$472,632 aggregate annual recurring and one-time cost burdens for disclosure of daily and weekly liquid assets and shareholder flow
	<i>Disclosure of Daily</i>	<i>Disclosure of Daily</i>	<i>Disclosure of Daily</i>

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
	<i>Current NAV</i> 252 business days x 33 liquidity funds = 8,316 responses per year	<i>Current NAV</i> [32 hours (sr. systems analyst/sr. programmer) x 33 liquidity funds = 1,056 hours per year] + [70 one-time burden hours for each new liquidity fund x 1 new liquidity fund = 70 one-time burden hours] = 1,126 aggregate annual recurring and one-time burden hours for disclosure of daily current NAV	<i>Current NAV</i> 32 hours x \$371 (blended rate for a senior systems analyst (\$342) and senior programmer (\$399)) = \$11,872 (annual ongoing internal labor cost burden per fund) x 33 funds = \$391,776 ongoing annual cost burdens + [(20 hours x \$406 (blended rate for compliance manager (\$372) and a compliance attorney (\$440)) = \$8,120 + (50 hours x \$371 (blended rate for a senior systems analyst (\$342) and senior programmer (\$399)) = \$18,550)] = \$26,670 (internal labor cost burden for each new fund)] x 1 new fund = \$26,670 (total one-time cost burden) = \$418,446 aggregate annual recurring and one-time cost burdens
	<i>Disclosure of Financial Support Received by the Fund, and Imposition and Removal of Liquidity Fees, and the Suspension and Resumption of Fund Redemptions</i> Not applicable	<i>Disclosure of Financial Support Received by the Fund, and Imposition and Removal of Liquidity Fees, and the Suspension and Resumption of Fund Redemptions</i> Not applicable	<i>Disclosure of Financial Support Received by the Fund, and Imposition and Removal of Liquidity Fees, and the Suspension and Resumption of Fund Redemptions</i> Not applicable
	<i>Total Estimated Burden Hours Relating to Website Disclosure</i> 396 + 8,316 + 8,316 =	<i>Total Estimated Burden Hours Relating to Website Disclosure</i> 420 + 1,258 + 1,126 =	<i>Total Estimated Burden Hours Relating to Website Disclosure</i> \$125,580 + \$472,632 + \$418,446 =
TOTAL	16,928 estimated responses	2,804 estimated burden hours	\$1,016,658 estimated cost burden
Board review of procedures and guidelines of any			

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
investment adviser or officers to whom the fund's board has delegated responsibility under rule 2a-7 and amendment of such procedures and guidelines ¹⁷			
	1 response annually for each of 8 funds ¹⁸	1 hour (board time) + 4 hours (compliance and professional legal time) = 5 hours	[1 hour x \$5,672 (board time) = \$5,672] + [4 x \$406 (blended rate for compliance manager (\$372) and a compliance attorney (\$440)) = \$1,624] = \$7,296 (cost per fund)
		5 hours x 8 responses =	\$7,296 x 8 responses =
TOTAL	8 estimated responses	40 estimated burden hours	\$58,368 estimated cost burden
Review, revise, and approve written procedures to stress test a fund's portfolio			
	1 response annually for each of 33 fund complexes ¹⁹	1 hour of board time + 5 hours of senior portfolio manager time + 3 hours of risk management specialist time + 3 hours of professional legal time = 12 hours	1 hour x \$5,672 (board time) = \$5,672 5 x \$396 (Sr. portfolio manager) = \$1,980 3 x \$240 (risk management specialist) = \$720 3 x \$500 (attorney) = \$1,500 \$5,672 + \$1,980 + \$720 + \$1,500 = \$9,872 per liquidity fund complex
		12 hours x 33 responses =	\$9,872 x 33 responses =

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
TOTAL	33 estimated responses	396 estimated burden hours	\$325,776 estimated cost burden
Reports to fund boards on the results of stress testing²⁰			
	5 responses annually for each of 33 fund complexes	5 hours senior portfolio manager time + 2 hours compliance manager time + 2 hours professional legal time <u>+ 1 hour paralegal time</u> 10 hours per response	5 x \$396 (sr. portfolio manager) = \$1,980 2 x \$372 (compliance manager) = \$744 2 x \$500 (attorney) = \$1,000 1 x \$262 (paralegal) = \$262 \$1,980 + \$744 + \$1,000 + \$262 = \$3,986 per response
	5 responses x 33 fund complexes =	10 hours x 165 response =	\$3,986 x 165 responses =
TOTAL	165 estimated responses	1,650 estimated burden hours	\$657,690 estimated cost burden
Retail Funds Policies and Procedures²¹			
TOTAL	Not applicable	Not applicable	Not applicable
Establishment of written procedures to test periodically the ability of the fund to maintain a stable NAV per share based on certain hypothetical events ("stress testing")			
	1 response annually for 1 new liquidity fund	3 hours board time + 8 hours professional legal time + 7 hours risk management specialist time + 4 hours senior risk management time = 22 hours	3 hours x \$5,672 (board time) = \$17,016 8 hours x \$500 (attorney) = \$4,000 7 hours x \$240 (risk management specialist) = \$1,680 4 hours x \$430 (sr. risk management specialist) = \$1,720

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
			$\$17,016 + \$4,000 + \$1,680 + \$1,720 =$ \$24,416 (per response)
		22 hours x 1 response =	\$24,416 x 1 response =
TOTAL	1 estimated response	22 estimated burden hours	\$24,416 estimated cost burden
Establishment of written procedures designed to stabilize NAV and guidelines and procedures for board delegation of authority²²			
	1 response annually for 1 new liquidity fund	0.5 hours board time + 7.2 hours professional legal time + 7.8 hours paralegal time = 15.5 hours	0.5 hours x \$5,672 (board time) = \$2,836 7.2 hours x \$500 (attorney) = \$3,600 7.8 hours x \$262 (paralegal) = \$2,044 $\$2,836 + \$3,600 + \$2,044 =$ \$8,480 (per response)
		15.5 hours x 1 response	\$8,480 x 1 response =
TOTAL	1 estimated response	15.5 estimated burden hours	\$8,480 estimated cost burden
Board determination – Fees and Gates²³			
	2 liquidity funds per year	4 hours attorney + 2 hours of board time + 1 hours of fund's compliance attorney = 7 hours per liquidity fund	4 hours x \$500 (attorney) = \$2,000 2 hours x \$5,672 (board time) = \$11,344 1 x \$440 (compliance attorney) = \$440 $\$2,000 + \$11,344 + \$440 =$ \$13,784 per liquidity fund
		7 hours x 2 funds =	\$13,784 x 2 liquidity funds =
TOTAL	2 estimated responses	14 estimated hours burden	\$27,568 estimated costs burden

	Estimated Responses	Estimated Burden Hours	Estimated Internal Cost Burden ¹⁴
Written record of board determinations and actions related to failure of a security to meet certain eligibility standards or an event of default or insolvency²⁴			
	2 responses annually for 2 liquidity funds ²⁵	.5 hours (professional legal time)	.5 hours x \$500 (attorney) = \$250
		.5 hours x 4 responses	\$250 x 4 estimated responses =
Total	4 estimated responses	2 estimated burden hours	\$1,000 estimated cost burden
TOTAL ESTIMATED BURDEN OF INFORMATION COLLECTION FOR RULE 12d1-1	19,947 estimated responses annually	27,384 estimated burden hours annually	\$9,659,796 estimated cost burden annually

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¹⁴ The cost burdens shown in this chart for professional personnel are based on SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, modified for 2024 by the Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead and the cost burdens for clerical personnel are based on SIFMA's *Office Salaries in the Securities Industry 2013*, modified for 2024 by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead; however, SIFMA data does not include a board of directors; for board time, Commission staff currently uses a cost of \$5672 per hour, which was last adjusted for inflation in December 2024; this estimate assumes an average of nine board members per year.

¹⁵ The number of liquidity funds is based on the following: $68 \times \text{the percentage of liquidity funds that are at least partially in compliance with the risk-limiting provisions of rule 2a-7, or } 100 - 52 = 48\%$; the result (rounded up to a whole number) is 33 liquidity funds ($68 \times 0.48 = 33$); the number of liquidity funds and percentage of funds that are at

least partially compliant with the risk-limiting provisions of rule 2a-7 is based on the U.S. Securities and Exchange Commission's Division of Investment Management—Analytics Office Private Funds Statistics, Third Calendar Quarter 2023 (March 31, 2024) available at <https://www.sec.gov/files/investment/2023q3-private-funds-statistics-20240331-accessible.pdf>.

¹⁶ The number of new unregistered money market funds is estimated from 2021–2023 historical Form PF filings by liquidity fund advisers; see Securities and Exchange Commission's Division of Investment Management—Analytics Office Private Funds Statistics, Third Calendar Quarter 2023 (March 31, 2024) available at <https://www.sec.gov/files/investment/2023q3-private-funds-statistics-20240331-accessible.pdf>.

¹⁷ We recognize that in many cases the adviser to an unregistered money market fund typically performs the function of the fund's board; *Money Market Fund Reform: Amendments to Form PF* Investment Company Act Rel. No. 31166 (Jul. 23, 2014), 79 FR 47735, 47809 (Aug. 14, 2014).

¹⁸ For purposes of this PRA extension, we assumed that on average 25% ($33 \text{ funds} \times .25 = \text{approximately } 8 \text{ funds}$) of liquidity funds would review and update their procedures on annual basis.

Commission staff estimates that in addition to the internal costs described

¹⁹ This number has been derived from the number of advisers to liquidity funds; see U.S. Securities and Exchange Commission, Division of Investment Management, Analytics Office, Private Fund Statistics, Third Quarter 2023 (March 31, 2024), Table 2.

²⁰ See *supra* note 25.

²¹ There are no liquidity funds of this type; liquidity funds only are offered to qualified investors.

²² See *supra* note 25.

²³ *Id.*

²⁴ *Id.*

²⁵ In the context of registered money market funds, we have previously estimated an average of approximately 2 occurrences for 20 funds each year; however, this number may vary significantly in any particular year; for purposes of this PRA extension, we assumed there would be same proportion of unregistered money market funds experiencing events of default or solvency each year. ($20/320 \text{ registered money market funds} = \text{approximately } 5\%$. $5\% \times 33 \text{ liquidity funds} = \text{approximately } 2 \text{ liquidity funds}$).

in the table above, unregistered money market funds also will incur external costs to preserve records, as required under rule 2a–7. These costs will vary significantly for individual funds, depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records. In the 2022 rule 2a–7 PRA extension, Commission staff estimated that the amount an individual money market fund may spend ranges from \$100 per year to \$300,000. We have no reason to believe the range is different for unregistered money market funds. Based on Form PF data as of the third calendar quarter 2023, liquidity funds have \$361 billion in gross asset value.²⁶ The Commission does not have specific information about the proportion of assets held in small, medium-sized, or large unregistered money market funds. Because liquidity funds are often used as cash management vehicles, the staff estimates that each private liquidity fund is a “large” fund (*i.e.*, more than \$1 billion in assets under management). Based on a cost of \$0.0000009 per dollar of assets under management (for large funds),²⁷ the staff estimates compliance with the record storage requirements of rule 2a–7 for these unregistered money market funds costs approximately \$324,900 annually.²⁸

Consistent with estimates made in the rule 2a–7 submission, Commission staff estimates that unregistered money market funds also incur capital costs to create computer programs for maintaining and preserving compliance records for rule 2a–7 of \$0.0000132 per dollar of assets under management. Based on the assets under management figures described above, staff estimates annual capital costs for all unregistered money market funds of \$4.76 million.²⁹

Commission staff further estimates that, even absent the requirements of rule 2a–7, money market funds would spend at least half of the amounts

described above for record preservation (\$162,450) and for capital costs (\$2.38 million). Commission staff concludes that the aggregate annual costs of compliance with the rule are \$162,450 for record preservation and \$2.38 million for capital costs, or a total of \$2.54 million.

The collections of information required for unregistered money market funds by rule 12d1–1 are necessary in order for acquiring funds to be able to obtain the benefits described above. Notices to the Commission will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control OMB number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by October 7, 2024 to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Oluwaseun Ajayi, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 30, 2024.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024–19960 Filed 9–4–24; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35310; File No. 812–15523]

CION Grosvenor Infrastructure Fund, et al.

August 30, 2024.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”).

ACTION: Notice.

Notice of application for an order under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the “Act”) and rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain

business development companies and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

APPLICANTS: CION Grosvenor Infrastructure Fund, CION Grosvenor Infrastructure Master Fund, LLC, CION Grosvenor Management, LLC, Grosvenor Capital Management, L.P., GCM Customized Fund Investment Group, L.P., GCM—Asga Infra Investment Holdings, L.P., GCM Blue Sails Infrastructure Offshore Opportunities Master Fund, L.P., GCM Grosvenor Cedar Infrastructure Investment Fund 2021 (Master), L.P., Alpha Z Infrastructure VI (Master), L.P., Electrical Workers Infrastructure Fund, L.P., GCM Grosvenor J Infrastructure Investment Fund 2024 (EURO) (Master), L.P., GCM Grosvenor J Infrastructure Investment Fund 2024 (USD) (Master), L.P., GCM Grosvenor J Infrastructure Investment Fund 2023 (EURO) (Master), L.P., GCM Grosvenor J Infrastructure Investment Fund 2023 (USD) (Master), L.P., 2021 Infrastructure Compartment (Master), a Sub-Fund of Vertuo (Master) S.C.Sp SICAV—RAIF, GCM Grosvenor—NPS Infrastructure Asia, L.P., GCM Grosvenor—NPS Infrastructure III, L.P. (2022–1 Investment Series), GCM Grosvenor KB Infra Investments, L.P., GCM U.S. Partnership Opportunities, L.P., GCM Grosvenor Pacific, L.P. (2020–1 Investment Series), LTV Infrastructure (GCM) (Master), L.P. (2022–1 Investment Series), GCM Grosvenor Infrastructure Investment Program, L.P. (2022–1 Investment Series), Texas Emerging Managers Private Markets Program, L.P., GCM WPP Global Infrastructure, L.P., GCM Grosvenor Multi-Asset Class Master Fund III, L.P., GCM Grosvenor Infrastructure Opportunities Fund, SCSp, GCM Grosvenor—Osool Investments, L.P., GCM Grosvenor Nest Sammelstiftung II, L.P. (2023–1 Investment Series), GCM Grosvenor Customized Infrastructure Strategies III, L.P., and GCM Grosvenor Infrastructure Advantage Fund II, L.P.

FILING DATES: The application was filed on November 17, 2023, and amended on April 17, 2024 and July 25, 2024.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC’s Secretary at Secretarys-Office@sec.gov and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical

²⁶ See U.S. Securities and Exchange Commission, Division of Investment Management, Analytics Office, Private Fund Statistics, Fourth Quarter 2019 (Oct. 2, 2020), Table 3.

²⁷ The recordkeeping cost estimates are \$0.0051295 per dollar of assets under management for small funds, and \$0.0005041 per dollar of assets under management for medium-sized funds; the cost estimates are the same as those used in the most recently approved rule 2a–7 submission.

²⁸ This estimate is based on the following calculation: (\$294 billion × \$0.0000009) = \$264,600 for large funds.

²⁹ This estimate is based on the following calculation: (\$294 billion × 0.0000132) = \$3.88 million.

address is listed for the relevant Applicant below.

Hearing requests should be received by the Commission by 5:30 p.m. on September 24, 2024, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary at *Secretarys-Office@sec.gov*.

ADDRESSES: The Commission: *Secretarys-Office@sec.gov*. Applicants: Aaron Gilbride, *Aaron.Gilbride@lw.com*, Laura Ferrell, *Laura.Ferrell@lw.com*, Joel Cavanaugh, *Joel.Cavanaugh@lw.com*, Girish S. Kashyap, *GKashyap@gcmlp.com*.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Senior Counsel, or Thomas Ahmadifar, Branch Chief, at (202) 551–6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' second amended and restated application, dated July 25, 2024, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC's EDGAR system.

The SEC's EDGAR system may be searched at, at <http://www.sec.gov/edgar/searchedgar/legacy/companysearch.html>. You may also call the SEC's Public Reference Room at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024–19904 Filed 9–4–24; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100870; File No. SR–MRX–2024–32]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees Related to Certain Prospective Costs of the National Market System Plan Governing the Consolidated Audit Trail

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”) ¹ and Rule 19b–4 thereunder, ² notice is hereby given that on August 15, 2024, Nasdaq MRX, LLC (“MRX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to establish fees for Industry Members ³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”) for the period from July 16, 2024 through December 31, 2024, as described further below.

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations (“SROs”) to submit a national market system (“NMS”) plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution. ⁴ On November 15, 2016, the Commission approved the CAT NMS Plan. ⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants. ⁶ The Operating Committee adopted a revised funding model to fund the CAT (“CAT Funding Model”). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder. ⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ An “Industry Member” is defined as “a member of a national securities exchange or a member of a national securities association.” See Nasdaq Rule General 7(u) (MRX General 7 incorporates The Nasdaq Stock Market LLC Rule General 7 by reference); see also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. Nasdaq Rule General 7 (Consolidated Audit Trail Compliance).

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (“CAT NMS Plan Approval Order”).

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) (“CAT Funding Model Approval Order”).

fund prospective CAT costs (“CAT Fees”).⁸

Under the CAT Funding Model, Participants, CEBBs and CEBs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (“CAT Fees”) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (“Prospective CAT Costs”).”⁹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBs would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBs from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴

CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁷ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate.”¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBs for each applicable transaction in Eligible

Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following (“CAT Reporting Technical Specifications for Plan Participants”). fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of Prospective CAT Costs is appropriate.” CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because

CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0-r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in

Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development,

implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/>

Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively

will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed

technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology

costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor [*sic*] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were

negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for

default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology

costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating

Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting

services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is \$33,217,468 + \$38,166,641 = \$71,384,109.

³⁸ This calculation is \$30,343,917 + \$36,393,893 = \$66,737,810.

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is \$39,961,511 + \$43,278,488 = \$83,239,999.

⁴¹ This calculation is \$38,132,441 + \$43,919,730 = \$82,052,171.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

³⁵ This calculation is (\$38,132,441 + \$43,919,730) – \$5,773,745 = \$76,278,426.

procedures, and addressing Regulation SCI requirements;

- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated [*sic*] the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted

amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC’s proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

⁴³ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) - \$1,151,230.50 = \$14,008,947.5$.

⁴⁴ This calculation is $\$6,726,747 + \$6,832,128 = \$13,558,875$.

⁴⁵ This calculation is $\$6,702,506 + \$5,906,034 = \$12,608,540$.

⁴⁶ This calculation is $\$26,423,306 + \$1,345,412 = \$27,768,718$.

⁴⁷ This calculation is $\$6,832,128 + \$6,832,128 = \$13,664,256$.

⁴⁸ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178$.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer. As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT’s CAIS-related services on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the *[sic]* first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating

budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of

\$81,250 *[sic]* first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated

2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will

provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;
- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;
- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler,

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims (“Texas Litigation”);⁶⁵ (2) CAT LLC’s intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC’s approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC’s May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1

Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC’s proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas

Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;

⁶⁵ *American Securities Ass’n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;

- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;

- Provide support for updating the SEC on the progress of the development of the CAT; and

- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budet [*sic*] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [*sic*] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the

reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC's proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC ("USI"). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for

insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

⁸⁰ Section 9.2 of the CAT NMS Plan.

anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [sic] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;
- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line

with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional

and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. ("RF|Binder"). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise, history with the project, and fees, which are anticipated to remain in

⁸¹ This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸² This calculation is $\$213,600 + \$182,330 = \$395,930$.

⁸³ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁷ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC's proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁸ to \$47,075 in the Updated 2024 Budget.⁸⁹ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was

calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹⁰ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹¹

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

⁹⁰ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹¹ CAT Funding Model Approval Order at 62651.

volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹²

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹³

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁴ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁵

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁶ A CEBB's or CEBS's fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁷ Proposed paragraph (a)(3)(A) of the fee schedule would state

that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange's fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB's CAT Fee or CEBS's CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁸

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for

each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee-2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”⁹⁹ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰⁰ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024,

⁹⁹ CAT Funding Model Approval Order at 62658, n.658.

¹⁰⁰ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

⁹² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

⁹³ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁴ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁵ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁷ See proposed paragraph (a)(3)(B) of the fee schedule.

⁹⁸ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT Fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰¹ The Plan Processor has established a billing system for CAT fees.¹⁰² Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰³

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

¹⁰¹ Section 11.4 of the CAT NMS Plan.

¹⁰² The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰³ Section 11.4 of the CAT NMS Plan.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁴

Such information would provide CEBBs and CEBSSs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁵ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁶ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

¹⁰⁴ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁵ In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁶ Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁷ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁸ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four

phases: Phases 2a, 2b, 2c and 2d.¹⁰⁹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹⁰

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented as of October 26, 2020.”¹¹¹ The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;
- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;
- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;
- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;
- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either

from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;

- Manual and Electronic Capture Time for Manual Order Events;
- Special handling instructions for the original receipt or origination of an order during Phase 2a; and
- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹²

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹³ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as

¹⁰⁹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹⁰ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹¹ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹² Phased Reporting Exemptive Relief Order at 23076–78.

¹¹³ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹⁰⁷ Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁸ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁴

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of April 26, 2021.”¹¹⁵ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That Order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that

are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”) scenarios, as required in the Industry Member Technical Specifications.¹¹⁶

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁷

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁸ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹¹⁹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order

¹¹⁴ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁵ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁶ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁷ *Id.* at 23079.

¹¹⁸ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁹ Phased Reporting Exemptive Relief Order at 23079.

Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²⁰

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²¹

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²² Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15,

2024.¹²³ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁴ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁵ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a)

with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN"/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN"/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁶

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System "at the initial Error Rates specified by Section 6.5(d)(i) or less." The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁷ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁸ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹²⁹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate

¹²⁶ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁷ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁸ CAT Funding Model Approval Order at 62659.

¹²⁹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹²⁰ *Id.* at 23079–80.

¹²¹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²² *Id.*

¹²³ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁴ *Id.*

¹²⁵ Phase Reporting Exemptive Relief Order at 23080.

that applies to CEBBs and CEBSSs. Like CEBBs and CEBSSs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant's fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSSs as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the "Payment Date"). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³⁰ which requires, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³¹ because it provides for the equitable allocation of reasonable dues, fees and other charges among members

and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³² which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be "so organized and [have] the capacity to be able to carry out the purposes" of the Act and "to comply, and . . . to enforce compliance by its members and persons associated with its members," with the provisions of the Exchange Act.¹³³ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange's facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan "is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act."¹³⁴ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBSSs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission's view that regulatory fees be used for regulatory purposes and not to support the Exchange's business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that "[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves." Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan "is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act."¹³⁵ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁶ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this

¹³⁰ 15 U.S.C. 78f(b)(6).

¹³¹ 15 U.S.C. 78f(b)(4).

¹³² 15 U.S.C. 78f(b)(8).

¹³³ See Section 6(b)(1) of the Exchange Act.

¹³⁴ CAT NMS Plan Approval Order at 84697.

¹³⁵ *Id.* at 84696.

¹³⁶ CAT Funding Model Approval Order at 62686.

proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁷ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁸ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹³⁹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only

include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴⁰ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴¹ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the

¹³⁸ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹³⁹ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴⁰ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴¹ CAT NMS Plan Approval Order at 84801.

¹³⁷ *Id.* at 62662–63.

time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴²

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴³ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁴ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁵ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁶

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy

during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁷

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁸ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁴⁹ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵⁰

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵¹ CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating

Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵² CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵³ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁴ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁵ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire

¹⁴² See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁴ See Section 3(a)(2)(C)(ii) above.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁹ See Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*

¹⁵¹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵² See Section 3(a)(2)(C)(iv) above.

¹⁵³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁴ See Section 3(a)(2)(C)(v) above.

¹⁵⁵ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁶

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁷ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁸ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁵⁹ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶⁰

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶¹ CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers'

liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶² As discussed above,¹⁶³ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁴

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁵ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁶

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁸

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁶⁹ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷⁰ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷¹ Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷² As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷³ CAT LLC determined that the inclusion of a reserve in the amount of 25% of

¹⁵⁶ See Section 3(a)(2)(B)(vi) above.

¹⁵⁷ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁸ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁵⁹ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶⁰ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶¹ Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶² Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶³ See Section 3(a)(2)(C)(viii) above.

¹⁶⁴ *Id.*

¹⁶⁵ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁶ See Section 3(a)(2)(C)(ix) above.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷⁰ See Section 3(a)(2)(C)(x) above.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁴ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁵

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁶ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁷ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁸

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁷⁹ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was

3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸⁰

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸¹ CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸²

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸³ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁴

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per share to 0.0004 per share),¹⁸⁵ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁶

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁷ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁸ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For

¹⁸⁵ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁶ *Id.*

¹⁸⁷ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁸ CAT Funding Model Approval Order at 62629.

¹⁷⁴ CAT Funding Model Approval Order at 62657.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See Section 3(a)(2)(C)(xi) above.

¹⁷⁹ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸⁰ See Section 3(a)(2)(D) above.

¹⁸¹ *Id.*

¹⁸² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸³ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁴ See Section 3(a)(4)(A) above.

example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also

believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁸⁹ requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹⁰ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in

accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹¹ and Rule 19b–4(f)(2) thereunder,¹⁹² because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR–MRX–2024–32 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.
- All submissions should refer to file number SR–MRX–2024–32. This file

¹⁸⁹ 15 U.S.C. 78f(b)(8).

¹⁹⁰ CAT Funding Model Approval Order at 62676–86.

¹⁹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹² 17 CFR 240.19b–4(f)(2).

number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-MRX-2024-32 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹³

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-19872 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100881; File No. SR-FINRA-2024-011]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees for Industry Members Related to Reasonably Budgeted Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From July 16, 2024 Through December 31, 2024

August 30, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 26, 2024, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "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 adopt FINRA Rule 6897 (Consolidated Audit Trail Funding Fees) to establish fees for Industry Members⁵ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024. These fees would be payable to Consolidated Audit Trail, LLC ("CAT LLC" or the "Company") and referred to as "CAT Fee 2024-1."

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).

⁵ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See FINRA Rule 6810(u). See also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. See FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule).

The fee rate for CAT Fee 2024-1 would be \$0.000035 per executed equivalent share. CAT Executing Brokers will receive their first monthly invoice for CAT Fee 2024-1 in October 2024 calculated based on their transactions as CAT Executing Brokers for the Buyer ("CEBB") and/or CAT Executing Brokers for the Seller ("CEBS") in September 2024.

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.

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

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁶ On November 15, 2016, the Commission approved the CAT NMS Plan.⁷ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁸ The Operating Committee adopted a revised funding model to fund the CAT ("CAT Funding Model"). On September 6, 2023, the Commission

⁶ See Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722 (August 1, 2012).

⁷ See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016) ("CAT NMS Plan Approval Order").

⁸ See Section 11.1(b) of the CAT NMS Plan.

¹⁹³ 17 CFR 200.30-3(a)(12).

approved the CAT Funding Model, after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁹

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (“CAT Fees”).¹⁰

Under the CAT Funding Model, Participants, CEBBs and CEBSs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (“CAT Fees”) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (“Prospective CAT Costs”).”¹¹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBS would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBS from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹²

The CAT Fees to be paid by CEBBs and CEBSs are designed to contribute

toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹³ The CAT Funding Model allocates the remaining one-third of the budgeted CAT costs to the Participants.¹⁴ Participants would be subject to the same Fee Rate as CEBBs and CEBSs.¹⁵ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁶ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁷ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁸

CAT LLC proposes to charge CEBBs and CEBSs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁹ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate.”²⁰ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as “CAT Fee 2024–1,” in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBS for each applicable transaction in Eligible Securities.²¹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

¹³ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹⁴ See Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹⁵ See Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁶ See Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁷ See CAT Funding Model Approval Order, 88 FR 62628, 62659.

¹⁸ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁹ See Section 11.1(b) of the CAT NMS Plan.

²⁰ See Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

²¹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion the Commission noted that the use

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²²

Fields Nos. 26 and 28 of the Participant Technical Specifications, listed below, indicate the CAT Executing Brokers for transactions executed otherwise than on an exchange.²³

of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of executed equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order, 88 FR 62628, 62629.

²² See Section 1.1 of the CAT NMS Plan. CEBBs and CEBSs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order, 88 FR 62628, 62649.

²³ FINRA is proposing to add Supplementary Material .01 to Rule 6897 to provide clarity as to the manner in which the CAT Executing Brokers for transactions executed otherwise than on an exchange would be determined. Specifically, for a transaction in an Eligible Security executed otherwise than on an exchange and required to be reported to a FINRA Trade Reporting Facility (“TRF”), the FINRA OTC Reporting Facility (“ORF”), or the FINRA Alternative Display Facility (“ADF”), the CEBB and CEBS are the members identified as the executing broker and the contra-side executing broker in the TRF/ORF/ADF transaction data event in CAT Data. In those circumstances where there is a non-member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the member

Continued

⁹ See Securities Exchange Act Release No. 98290 (September 6, 2023), 88 FR 62628 (September 12, 2023) (“CAT Funding Model Approval Order”).

¹⁰ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. See Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. See Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

¹¹ See Section 11.3(a) of the CAT NMS Plan.

¹² In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of Prospective CAT Costs is appropriate.” See CAT Funding Model Approval Order, 88 FR 62628, 62651.

TRF/ORF/ADF TRANSACTION DATA EVENT²⁴

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party.	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁵ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁶ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month

period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁷

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁸ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems

appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁹ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).³⁰ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line

identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as, and be required to pay the fee assessed to, both the CEBB and CEBs.

²⁴ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁵ See Section 11.3(a)(i) of the CAT NMS Plan.

²⁶ See Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁷ See Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” See CAT Funding Model Approval Order 88 FR 62628, 62640.

²⁸ See Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁹ See Consolidated Audit Trail, LLC, 2024 Financial and Operating Budget, December 2023, <https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>.

³⁰ See Consolidated Audit Trail, LLC, 2024 Financial and Operating Budget, Mid-Year Update, July 2024, https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf.

item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs,

a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³¹

Each of the costs described below are reasonable, appropriate and necessary

for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³²

Budget category	Budgeted CAT costs 2024–1 **
Capitalized Developed Technology Costs *	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³³

** Budgeted CAT Costs 2024–1 described in this table of costs were determined based on an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor [sic] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools

and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³⁴ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁵ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events

³¹ See Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³² Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³³ With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their

inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

³⁴ See CAT NMS Plan, Appendix D–4 n.262.

³⁵ See CAT NMS Plan, Appendix D–5.

per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as the CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁶

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁷ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁸ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁹ There is only an approximate 7% difference between the

estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC's proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,⁴⁰ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴¹ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴²

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology

costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the

³⁶ This calculation is $(\$38,132,441 + \$43,919,730) - \$5,773,745 = \$76,278,426$.

³⁷ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁸ This calculation is $\$33,217,468 + \$38,166,641 = \$71,384,109$.

³⁹ This calculation is $\$30,343,917 + \$36,393,893 = \$66,737,810$.

⁴⁰ Securities Exchange Act Release No. 98848 (November 2, 2023), 88 FR 77128 (November 8, 2023).

⁴¹ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴² This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated *[sic]* the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴³ and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as the CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴⁴

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁵ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024

Budget, were \$12,608,540.⁴⁶ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC’s proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁷ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁸ to \$15,160,178 in the Updated 2024 Budget.⁴⁹ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer.

As of May 31, 2024, the implementation of CAIS was completed.⁵⁰

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT’s CAIS-related services on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as the CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵¹

CAT LLC calculated the budget for FCAT’s CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the *[sic]* first two quarters of 2024.⁵² The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵³ There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating

⁴⁶ This calculation is \$6,702,506 + \$5,906,034 = \$12,608,540.

⁴⁷ This calculation is \$26,423,306 + \$1,345,412 = \$27,768,718.

⁴⁸ This calculation is \$6,832,128 + \$6,832,128 = \$13,664,256.

⁴⁹ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178.

⁵⁰ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01, <https://www.catnmsplan.com/sites/default/files/2024-01/01.22.24-CAT-Alert-2023-01.pdf>.

⁵¹ This calculation is (\$5,060,937 + \$5,060,937) – \$843,489.50 = \$9,278,384.50.

⁵² This calculation is \$5,282,128 + \$5,136,538 = \$10,418,666.

⁵³ This calculation is \$5,017,108 + \$5,060,937 = \$10,078,045.

⁴³ See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴⁴ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) – \$1,151,230.50 = \$14,008,947.5.

⁴⁵ This calculation is \$6,726,747 + \$6,832,128 = \$13,558,875.

fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a 2% decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵⁴ to \$10,121,874 in the Updated 2024 Budget.⁵⁵

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change

requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as the CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁶

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 for the the [sic] first two quarters of 2024.⁵⁷ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the

annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁸ and the Updated 2024 Budget.⁵⁹

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁰

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such

⁵⁴ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁵ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁶ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁷ This calculation is $\$0 + \$81,250 = \$81,250$.

⁵⁸ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁹ This calculation is $\$0 + \$162,500 = \$162,500$.

⁶⁰ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶¹ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶² The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶³ Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶⁴ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁵ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”) during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;

- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;

- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims (“Texas Litigation”);⁶⁶ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁷ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁸ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁹ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is

⁶⁶ *American Securities Ass'n v. Securities and Exchange Comm'n*, No. 23–13396 (11th Cir. Feb 15, 2024).

⁶⁷ *Davidson v. Gensler*, No. 6:24–cv–197 (W.D. Tex. Apr. 16, 2024).

⁶⁸ Securities Exchange Act Release No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁹ *Citadel Securities LLC v. Securities and Exchange Comm'n*, No. 24–12300 (11th Cir. July 19, 2024).

⁶¹ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶² This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶³ This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶⁴ This calculation is $\$0 + \$0 = \$0$.

⁶⁵ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁷⁰

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷¹ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷² Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other

counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷³ in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷⁴ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters, and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during the CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte's fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte's performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set

⁷⁰ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷¹ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷² This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷³ This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷⁴ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [*sic*] halfway through July, on July 16, 2024).⁷⁵

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁶ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁷ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC's proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁸ to \$714,420 in the Updated 2024 Budget.⁷⁹

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC ("USI"). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁸⁰

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the

CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸¹ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during the CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [*sic*] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;

⁷⁵ This calculation is (\$359,926 + \$354,495) – \$61,798 = \$652,623.

⁷⁶ This calculation is \$400,000 + \$400,000 = \$800,000.

⁷⁷ This calculation is \$264,101 + \$621,479 = \$885,580.

⁷⁸ This calculation is \$400,000 + \$400,000 = \$800,000.

⁷⁹ This calculation is \$359,925 + \$354,495 = \$714,420.

⁸⁰ CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

⁸¹ See Section 9.2 of the CAT NMS Plan.

- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and

subtracting one half of the actual professional and administration costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁸²

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸³ The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸⁴ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

the Original 2024 Budget⁸⁵ to \$450,951 in the Updated 2024 Budget.⁸⁶

(x) Public Relations Costs

(a) Description of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. ("RF|Binder"). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget.

⁸² This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸³ This calculation is $\$213,600 + \$182,330 = \$395,930$.

⁸⁴ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁵ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁶ This calculation is $\$157,269 + \$293,682 = \$450,951$.

Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁸⁷ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates, and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for public relations costs of \$46,200 for the the [sic] first two quarters of 2024.⁸⁸ The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁹ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC's proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁹⁰ to \$47,075 in the Updated 2024 Budget.⁹¹ The minor

change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in the Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible

Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹² The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹³

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by $\frac{4}{12}$ ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹⁴

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to

⁸⁷ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁹⁰ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁹¹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

⁹² See Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹³ See CAT Funding Model Approval Order, 88 FR 62628, 62651.

⁹⁴ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by $\frac{4}{12}$ ths.

provide such information in a fee filing for a CAT Fee.⁹⁵

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁶ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁷

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁸ A CEBB's or CEBS's fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁹ Proposed paragraph (a)(1)(C)(i) of Rule 6897 would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024 (which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024) and “shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.” Proposed paragraph (a)(1)(C)(ii) would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, proposed paragraph (a)(2)(A) of Rule 6897 states, among other things, that each CEBB and CEBS is required to pay its CAT fees “each month.”

⁹⁵ See Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” See CAT Funding Model Approval Order, 88 FR 62628, 62651.

⁹⁷ See Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁸ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁹ See proposed paragraph (a)(1)(C)(ii) of proposed Rule 6897.

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, FINRA proposes to adopt FINRA Rule 6897 (Consolidated Audit Trail Funding Fees) to establish CAT Fee 2024–1.

(A) CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB's CAT Fee or CEBS's CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.¹⁰⁰

Accordingly, based on the factors discussed above, FINRA proposes to adopt paragraph (a)(1)(C) of FINRA Rule 6897, which would state that:

(i) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(ii) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(iii) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph (a)(1)(C)(i) of this Rule, CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(iv) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (a)(2) of this Rule.

¹⁰⁰ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”¹⁰¹ Accordingly, proposed paragraph (a)(1)(C)(ii) of Rule 6897 would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third and rounding the result to six decimal places.¹⁰² The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(1)(C)(i) of Rule 6897 would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (a)(2)(B) of proposed Rule 6897.

Proposed paragraph (a)(1)(C)(i) of Rule 6897 also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(1)(C)(ii) of Rule 6897 would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(1)(C)(ii) would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(1)(C)(ii) also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer

¹⁰¹ See CAT Funding Model Approval Order, 88 FR 62628, 62658, n.658.

¹⁰² Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

(‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(1)(C)(iii) of Rule 6897 would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph (a)(1)(C)(i) of this Rule, CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(1)(C)(iv) of Rule 6897 would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (a)(2) of this Rule.”

(B) Manner of Payment

FINRA proposes to adopt paragraph (a)(2)(A) of proposed Rule 6897 to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰³ The Plan Processor has established a billing system for CAT fees.¹⁰⁴ Therefore,

FINRA proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (a)(2)(A) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a)(1) of this Rule each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰⁵

Accordingly, FINRA proposes to add this requirement to Rule 6897. Proposed paragraph (a)(2)(B) of Rule 6897 would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a)(1) of this Rule within 30 days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (a)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁶

2023 and November 7, 2023), each available on the CAT website.

¹⁰⁵ See Section 11.4 of the CAT NMS Plan.

¹⁰⁶ See Section 11.3(a)(iv)(A) of the CAT NMS Plan.

Such information would provide CEBBs and CEBSSs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁷ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁸ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁹ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full

¹⁰⁷ In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order, 88 FR 62628, 62667.

¹⁰⁸ See Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order, 88 FR 62628, 62667.

¹⁰⁹ See Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰³ See Section 11.4 of the CAT NMS Plan.

¹⁰⁴ The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated September 28,

Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹¹⁰ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹¹¹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹²

¹¹⁰ See Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024), https://www.catnmsplan.com/sites/default/files/2024-07/CAT_Q2-and-Q3-2024-QPR.pdf.

¹¹¹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Release No. 88702 (April 20, 2020), 85 FR 23075 (April 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹² See, e.g., Q1 2024 Quarterly Progress Report (April 30, 2024), <https://www.catnmsplan.com/>

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented as of October 26, 2020.”¹¹³ The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;

- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;

- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;

- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;

- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;

- Manual and Electronic Capture Time for Manual Order Events;

- Special handling instructions for the original receipt or origination of an order during Phase 2a; and

[sites/default/files/2024-04/CAT-Q1-2024-QPR_0.pdf](https://www.sec.gov/sites/default/files/2024-04/CAT-Q1-2024-QPR_0.pdf).

¹¹³ See *supra* note 112.

- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹⁴

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹⁵ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying

¹¹⁴ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23076–78.

¹¹⁵ See *supra* note 112.

orders is not required to be reported until Phase 2d.¹¹⁶

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of April 26, 2021.”¹¹⁷ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being

represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”) scenarios, as required in the Industry Member Technical Specifications.¹¹⁸

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁹

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹²⁰ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other

than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹²¹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided

¹¹⁶ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23078.

¹¹⁷ See *supra* note 112.

¹¹⁸ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23078–79.

¹¹⁹ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23079.

¹²⁰ See *supra* note 112.

¹²¹ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23079.

verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²²

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²³

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²⁴ Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²⁵ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁶ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying

Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁷ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean.

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁸

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System "at the initial Error Rates specified by Section 6.5(d)(i) or less." The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁹ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹³⁰ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹³¹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBSSs. Like CEBBs and CEBSSs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant's fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on an exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024,

¹²² See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23079–80.

¹²³ See *supra* note 112.

¹²⁴ See *supra* note 112.

¹²⁵ See *supra* note 110.

¹²⁶ See *supra* note 110.

¹²⁷ See Phased Reporting Exemptive Relief Order, 85 FR 23075, 23080.

¹²⁸ See *supra* note 110.

¹²⁹ See Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹³⁰ CAT Funding Model Approval Order, 88 FR 62628, 62659.

¹³¹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSS as described in proposed paragraph (a)(1)(C)(iii) of Rule 6897, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

FINRA has filed the proposed rule change for immediate effectiveness.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with Section 15A(b)(6) of the Act,¹³² which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. FINRA also believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹³³ 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 Section 15A(b)(9) of the Act,¹³⁴ which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate. Section 15A(b)(2) of the Act also requires that FINRA be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its

members and persons associated with its members,” with the provisions of the Exchange Act.¹³⁵ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit FINRA to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers and other users of any facility or system that FINRA operates or controls.

FINRA believes that this proposed rule change is consistent with the Act because it implements provisions of the Plan and is designed to assist FINRA in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁶ To the extent that this proposed rule change implements the Plan and applies specific requirements to Industry Members, FINRA believes that this proposed rule change furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act. FINRA also believes that the proposed fees to be paid by the CEBBs and CEBSS are reasonable, equitably allocated and not unfairly discriminatory.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes. The proposed fees would not cover FINRA services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. Thus, FINRA believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file

with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, FINRA has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. FINRA believes that this proposed rule change is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist FINRA and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁷ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁸ As this proposed rule change implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, FINRA believes that this proposed rule change furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁹ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan and, therefore, is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume

¹³² 15 U.S.C. 78o–3(b)(6).

¹³³ 15 U.S.C. 78o–3(b)(5).

¹³⁴ 15 U.S.C. 78o–3(b)(9).

¹³⁵ See 15 U.S.C. 78o–3(b)(2).

¹³⁶ CAT NMS Plan Approval Order, 81 FR 84696, 84697.

¹³⁷ CAT NMS Plan Approval Order, 81 FR 84696, 84696.

¹³⁸ CAT Funding Model Approval Order, 88 FR 62628, 62686.

¹³⁹ CAT Funding Model Approval Order, 88 FR 62628, 62662–63.

for the prior twelve months, the determination of the CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for the CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, FINRA has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of the categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, FINRA believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹⁴⁰ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting

services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹⁴¹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance, stress testing, and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴² and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴³ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the

Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT’s costs and the level of fees assessed to support those costs.¹⁴⁴

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴⁵ CAT LLC determined that the budgeted costs related to the operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations

¹⁴¹ For a discussion of the amount and type of cloud hosting services fees, see Item II.A.1.(2)(C)(i) above.

¹⁴² See CAT NMS Plan, Appendix D–4 n.262.

¹⁴³ CAT NMS Plan Approval Order, 81 FR 84696, 84801.

¹⁴⁴ See Securities Exchange Act Release No. 97151 (March 15, 2023), 88 FR 17086, 17117 (March 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴⁵ See Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹⁴⁰ See Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁶ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁷ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁸

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁹ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS

Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁵⁰ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵¹

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵² CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee, and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵³ CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵⁴ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be

implemented by FCAT, are described in more detail above.¹⁵⁵ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁶ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁷

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁸ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁹ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various

¹⁵⁵ See Item II.A.1.(2)(C)(v) above.

¹⁵⁶ See Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵⁷ See Item II.A.1.(2)(C)(vi) above.

¹⁵⁸ See Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁹ As stated in the filing of the proposed CAT NMS Plan, “[i]t is the intent of the Participants that the Company have no employees.” See Securities Exchange Act Release No. 77724 (April 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁴⁶ See Item II.A.1.(2)(C)(ii) above.

¹⁴⁷ See *supra* note 146.

¹⁴⁸ See *supra* note 146.

¹⁴⁹ See Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁰ See Item II.A.1.(2)(C)(iii) above.

¹⁵¹ See *supra* note 150.

¹⁵² See Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵³ See Item II.A.1.(2)(C)(iv) above.

¹⁵⁴ See Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

CAT matters and the processes related to such matters.¹⁶⁰ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶¹

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶² CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶³ As discussed above,¹⁶⁴ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁵

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁶ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT

employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁸

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁹

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁷⁰ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public

relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷¹ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷² Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷³ As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷⁴ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount, and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to "include a reserve of not more than 25% of the annual budget."¹⁷⁵ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁶

The SEC also recognized that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁷ The SEC also recognized that CAT fees will

¹⁶⁰ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶¹ See Item II.A.1.(2)(C)(vii) above.

¹⁶² See Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶³ See Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶⁴ See Item II.A.1.(2)(C)(viii) above.

¹⁶⁵ See Item II.A.1.(2)(C)(viii) above.

¹⁶⁶ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁷ See Item II.A.1.(2)(C)(ix) above.

¹⁶⁸ See *supra* note 167.

¹⁶⁹ See *supra* note 167.

¹⁷⁰ See Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷¹ See Item II.A.1.(2)(C)(x) above.

¹⁷² See *supra* note 171.

¹⁷³ See *supra* note 171.

¹⁷⁴ See Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁵ CAT Funding Model Approval Order, 88 FR 62628, 62657.

¹⁷⁶ See *supra* note 175.

¹⁷⁷ See *supra* note 175.

be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁸ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁹

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁸⁰ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸¹

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸² CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is

1,326,917,946,968.403 executed equivalent shares.¹⁸³

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸⁴ Accordingly, proposed paragraph (a)(1)(C)(ii) of Rule 6897 would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third, and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁵

(ii) Reasonable Fee Level

FINRA believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, FINRA believes that the level of the fee rate is reasonable in that it is calculated in accordance with the SEC-approved CAT Funding Model. CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per share to 0.0004 per share),¹⁸⁶ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential

adverse economic effects or inefficiencies.¹⁸⁷

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members, in accordance with the SEC-approved CAT Funding Model. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁸ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁹ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a fee rate for CAT Fee 2024–1 that is reasonable as it is consistent with the SEC-approved CAT Funding Model and is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding

¹⁸³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸⁴ CAT Funding Model Approval Order, 88 FR 62628, 62658, n.658.

¹⁸⁵ See Item II.A.1.(4)(A) above.

¹⁸⁶ CAT Funding Model Approval Order, 88 FR 62628, 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” CAT Funding Model Approval Order, 88 FR 62628, 62682 n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁷ See *supra* note 186.

¹⁸⁸ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁹ CAT Funding Model Approval Order, 88 FR 62628, 62629.

¹⁷⁸ See *supra* note 175.

¹⁷⁹ See Item II.A.1.(2)(C)(xi) above.

¹⁸⁰ See Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸¹ See Item II.A.1.(2)(D) above.

¹⁸² See *supra* note 181.

Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable, consistent with the SEC-approved CAT Funding Model. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

FINRA believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in proposed Rule 6897. FINRA also believes that the proposed fees are reasonable in that they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on a fixed rate per executed equivalent share and are consistent with the SEC-approved CAT Funding Model. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Industry Members to reasonably predict their payment obligations for budgeting purposes.

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. Section 15A(b)(9) of the Act¹⁹⁰ requires that FINRA rules not impose any burden on

competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. FINRA notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist FINRA in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹¹ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹² and Rule 19b–4(f)(2) thereunder,¹⁹³ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR–FINRA–2024–011 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–2024–011. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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

¹⁹⁰ 15 U.S.C. 78o–3(b)(9).

¹⁹¹ CAT Funding Model Approval Order, 88 FR 62628, 62676–86.

¹⁹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹³ 17 CFR 240.19b–4(f)(2).

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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-FINRA-2024-011 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹⁴

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19951 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100879; File No. SR-NASDAQ-2024-037]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Amend Rule 5820 To Codify the Standards of Review that Govern Appeals Before the Nasdaq Listing and Hearing Review Council and Calls for Review by the Nasdaq Listing and Hearing Review Council

August 30, 2024.

On July 3, 2024, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Rule 5820 to codify the standards of review that govern appeals before the Nasdaq Listing and Hearing Review Council and calls for review by the Nasdaq Listing and Hearing Review Council. The proposed rule change was published for comment in the **Federal Register** on July 23, 2024.³

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 September 6, 2024. 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 October 21, 2024, 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-NASDAQ-2024-037).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19949 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100872; File No. SR-PEARL-2024-34]

Self-Regulatory Organizations; MIAx PEARL LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees for Industry Members Related to Reasonably Budgeted Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From July 16, 2024 Through December 31, 2024

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,²

www.sec.gov/comments/sr-nasdaq-2024-037/srnasdaq2024037.htm.

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on August 19, 2024, MIAx PEARL, LLC ("MIAx Pearl" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAx Pearl Options Fee Schedule ("Fee Schedule") to establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024. These fees would be payable to Consolidated Audit Trail, LLC ("CAT LLC" or the "Company") and referred to as CAT Fee 2024-1, and would be described in a section of the Exchange's fee schedule entitled "Consolidated Audit Trail Funding Fees." The fee rate for CAT Fee 2024-1 would be \$0.000035 per executed equivalent share. CAT Executing Brokers will receive their first monthly invoice for CAT Fee 2024-1 in October 2024 calculated based on their transactions as CAT Executing Brokers for the Buyer ("CEBB") and/or CAT Executing Brokers for the Seller ("CEBS") in September 2024.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/pearl-options/rule-filings> 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

³ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See Miami International Securities Exchange LLC ("MIAx Rule") Rule 1701(u). The Exchange notes that MIAx Chapter XVII is incorporated by reference into the Exchange's rulebook. As such, MIAx Chapter XVII also applies to the Exchange. See also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. See MIAx Rule 1701.

¹⁹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 100544 (July 17, 2024), 89 FR 59782. Comments on the proposed rule change are available at: <https://>

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 July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT ("CAT Funding Model"). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants ("Historical CAT Assessment" fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to

fund prospective CAT costs ("CAT Fees").⁸

Under the CAT Funding Model, Participants, CEBBs and CEBs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. "The Operating Committee will establish fees ('CAT Fees') to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants ('Prospective CAT Costs')." ⁹ In establishing a CAT Fee, the Operating Committee will calculate a "Fee Rate" for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEB would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBs from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT

fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to "file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as 'Consolidated Audit Trail Funding Fees.'" ¹⁷ The Plan further states that "[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate." ¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBs for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a "CAT Executing Broker" to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) ("CAT NMS Plan Approval Order").

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) ("CAT Funding Model Approval Order").

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, "[t]he proposed recovery of Prospective CAT Costs is appropriate." CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA's equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry

Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data

event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade.. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction.. This must be provided if orderID is provided.	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party.	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be

assessed to CEBBs and CEBSS, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the

reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBSS may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0-r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024

(“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees ...	162,500
Legal	4,484,554.50

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

Budget category	Budgeted CAT costs 2024–1 *
Consulting	652,623
Insurance	1,342,345
Professional and administration.	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1.	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based on an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT's subcontractor [sic] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during

the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

³⁵ This calculation is $(\$38,132,441 + \$43,919,730) - \$5,773,745 = \$76,278,426$.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is $\$33,217,468 + \$38,166,641 = \$71,384,109$.

³⁸ This calculation is $\$30,343,917 + \$36,393,893 = \$66,737,810$.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC's proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing,

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴¹ This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated *[sic]* the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly

operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated ("Exegy"). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC

believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer. As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴³ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) - \$1,151,230.50 = \$14,008,947.50$.

⁴⁴ This calculation is $\$6,726,747 + \$6,832,128 = \$13,558,875$.

⁴⁵ This calculation is $\$6,702,506 + \$5,906,034 = \$12,608,540$.

⁴⁶ This calculation is $\$26,423,306 + \$1,345,412 = \$27,768,718$.

⁴⁷ This calculation is $\$6,832,128 + \$6,832,128 = \$13,664,256$.

⁴⁸ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178$.

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the *[sic]* first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT

Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 for the the *[sic]* first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

\$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs

for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal

services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;
- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;
- Assist other counsel for CAT on litigation-related matters; and

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims ("Texas Litigation");⁶⁵ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and

information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP ("Deloitte") as project manager during the CAT Fee

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

⁶⁵ *American Securities Ass'n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24-cv-197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte's fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte's performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budet *[sic]* for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began

[sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC's proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be

incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC ("USI"). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
 - Facilitate [*sic*] bill payments;
 - Provide monthly bookkeeping;
 - Review vendor invoices and documentation in support of cash disbursements;
 - Provide accounting research and consultations on various accounting, financial reporting and tax matters;
 - Address not-for-profit tax and accounting considerations;
 - Prepare tax returns;
 - Address various accounting, financial reporting and operating inquiries from Participants;
 - Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;
 - Support compliance with the CAT NMS Plan;
 - Work with and provide support to the Operating Committee and various CAT working groups;

- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–

1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

⁸¹ This calculation is (\$157,269 + \$293,682) – \$22,406.50 = \$428,544.50.

⁸² This calculation is \$213,600 + \$182,330 = \$395,930.

⁸³ This calculation is \$110,542 + \$262,435 = \$372,977.

⁸⁰ Section 9.2 of the CAT NMS Plan.

the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm’s relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based

on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for public relations costs of \$46,200 for the the [sic] first two quarters of 2024.⁸⁷ The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁸ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁹ to \$47,075 in

the Updated 2024 Budget.⁹⁰ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

⁹⁰ This calculation is \$23,450 + \$23,625 = \$47,075.

⁸⁶ This calculation is (\$23,450 + \$23,625) – \$3,850 = \$43,225.

⁸⁷ This calculation is \$23,100 + \$23,100 = \$46,200.

⁸⁸ This calculation is \$23,100 + \$23,100 = \$46,200.

⁸⁹ This calculation is \$23,100 + \$23,100 = \$46,200.

⁸⁴ This calculation is \$150,000 + \$275,334 = \$425,334.

⁸⁵ This calculation is \$157,269 + \$293,682 = \$450,951.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹¹ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹²

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹³

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided

in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹⁴

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁵ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁶

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁷ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁸ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new

⁹⁴ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁵ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (i.e., by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁶ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁷ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁸ See proposed paragraph (a)(3)(B) of the fee schedule.

paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁹

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

⁹⁹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹¹ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹² CAT Funding Model Approval Order at 62651.

⁹³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”¹⁰⁰ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰¹ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a

CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰² The Plan Processor has established a billing system for CAT fees.¹⁰³

Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰⁴

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁵

the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰⁴ Section 11.4 of the CAT NMS Plan.

¹⁰⁵ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁰ CAT Funding Model Approval Order at 62658, n.658.

¹⁰¹ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

¹⁰² Section 11.4 of the CAT NMS Plan.

¹⁰³ The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and

Such information would provide CEBBs and CEBBs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁶ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁷ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁸ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT

NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁹ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹¹⁰ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹¹

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented

as of October 26, 2020.”¹¹² The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;

- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;

- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;

- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;

- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;

- Manual and Electronic Capture Time for Manual Order Events;

- Special handling instructions for the original receipt or origination of an order during Phase 2a; and

- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain

¹⁰⁶In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁷Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁸Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁹Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹¹⁰The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹¹*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹²*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹³

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹⁴ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁵

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of

April 26, 2021.”¹¹⁶ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That Order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”)

scenarios, as required in the Industry Member Technical Specifications.¹¹⁷

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁸

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁹ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are

¹¹³ Phased Reporting Exemptive Relief Order at 23076–78.

¹¹⁴ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁵ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁶ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁷ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁸ *Id.* at 23079.

¹¹⁹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

options; (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹²⁰

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²¹

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²²

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²³ Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²⁴ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁵ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁶

¹²² See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²³ *Id.*

¹²⁴ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁵ *Id.*

¹²⁶ Phase Reporting Exemptive Relief Order at 23080.

LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase

¹²⁰ Phase Reporting Exemptive Relief Order at 23079.

¹²¹ *Id.* at 23079–80.

2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁷

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System “at the initial Error Rates specified by Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁸ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁹ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹³⁰ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBBs. Like CEBBs and CEBBs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBBs as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee

is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³¹ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³² because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³³ which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³⁴ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to

permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBBs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes and not to support the Exchange’s business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT

¹²⁷ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁹ CAT Funding Model Approval Order at 62659.

¹³⁰ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³¹ 15 U.S.C. 78f(b)(6).

¹³² 15 U.S.C. 78f(b)(4).

¹³³ 15 U.S.C. 78f(b)(8).

¹³⁴ See Section 6(b)(1) of the Exchange Act.

¹³⁵ CAT NMS Plan Approval Order at 84697.

Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁶ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁷ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁸ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in

the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a

part of CAT Fees.¹³⁹ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹⁴⁰ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴¹ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴² Through 2023, the actual data volumes have been five times that original

¹³⁹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁰ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴¹ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴² CAT NMS Plan Approval Order at 84801.

¹³⁶ *Id.* at 84696.

¹³⁷ CAT Funding Model Approval Order at 62686.

¹³⁸ *Id.* at 62662–63.

estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (*e.g.*, the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴³

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to

operating fees as a part of CAT Fees.¹⁴⁴ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁵ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁶ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁷

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁸

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁹ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to

perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁵⁰ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵¹

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵² CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵³ CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs

¹⁴³ See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁵ See Section 3(a)(2)(C)(ii) above.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁰ See Section 3(a)(2)(C)(iii) above.

¹⁵¹ *Id.*

¹⁵² Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵³ See Section 3(a)(2)(C)(iv) above.

as a part of CAT Fees.¹⁵⁴ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁵ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁶ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁷

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as

a part of CAT Fees.¹⁵⁸ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁹ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁶⁰ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶¹

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶² CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶³ As discussed above,¹⁶⁴ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided

appropriate coverage at reasonable market rates.¹⁶⁵

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁶ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁸

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the

¹⁵⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁵ See Section 3(a)(2)(C)(v) above.

¹⁵⁶ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵⁷ See Section 3(a)(2)(B)(vi) above.

¹⁵⁸ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁹ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁶⁰ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶¹ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶² Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶³ Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶⁴ See Section 3(a)(2)(C)(viii) above.

¹⁶⁵ *Id.*

¹⁶⁶ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁷ See Section 3(a)(2)(C)(ix) above.

¹⁶⁸ *Id.*

budgeted costs related to such services are described above.¹⁶⁹

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁷⁰ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷¹ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷² Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷³ As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷⁴ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁵ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern.

Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁶

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁷ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁸ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁹

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁸⁰ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸¹

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share

volume for the prior 12 months.¹⁸² CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸³

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸⁴ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁵

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per

¹⁶⁹ *Id.*

¹⁷⁰ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷¹ See Section 3(a)(2)(C)(x) above.

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁵ CAT Funding Model Approval Order at 62657.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ See Section 3(a)(2)(C)(xi) above.

¹⁸⁰ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸¹ See Section 3(a)(2)(D) above.

¹⁸² *Id.*

¹⁸³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸⁴ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁵ See Section 3(a)(4)(A) above.

share to 0.0004 per share),¹⁸⁶ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁷

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁸ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁹ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT

Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization’s Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁹⁰ requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹¹ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

¹⁸⁶ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682, n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁷ *Id.*

¹⁸⁸ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁹ CAT Funding Model Approval Order at 62629.

¹⁹⁰ 15 U.S.C. 78f(b)(8).

¹⁹¹ CAT Funding Model Approval Order at 62676–86.

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 Exchange Act¹⁹² and Rule 19b-4(f)(2) thereunder,¹⁹³ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2024-34 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-2024-34. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2024-34 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹⁴

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19874 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100877; File No. SR-NYSEARCA-2024-70]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the COTtwo Advisors Physical European Carbon Allowance Trust Under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares)

August 29, 2024.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 19, 2024, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit

comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade shares of the COTtwo Advisors Physical European Carbon Allowance Trust under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares). The proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade shares ("Shares") of the COTtwo Advisors Physical European Carbon Allowance Trust (the "Trust"), under NYSE Arca Rule 8.201-E, which governs the listing and trading of Commodity-Based Trust Shares.⁴

The Trust was formed as a Delaware statutory trust on January 12, 2023.⁵ The Trust has no fixed termination date. The Trust will not be registered as an investment company under the Investment Company Act of 1940, as amended,⁶ and is not required to register under such act. The Trust is not

⁴ Commodity-Based Trust Shares are securities issued by a trust that represent investors' discrete identifiable and undivided beneficial ownership interest in the commodities deposited into the trust.

⁵ On May 12, 2023, the Trust filed with the Commission a registration statement on Form S-1, as amended on January 16, 2024 and April 4, 2024 (File No. 333-271910) (the "Registration Statement") under the Securities Act of 1933 (15 U.S.C. 77a) (the "Securities Act"). The description of the operation of the Trust herein is based, in part, on the Registration Statement. The Registration Statement is not yet effective and the Shares will not trade on the Exchange until such time that the Registration Statement is effective.

⁶ 15 U.S.C. 80a-1.

¹⁹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹³ 17 CFR 240.19b-4(f)(2).

¹⁹⁴ 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.

a commodity pool for purposes of the Commodity Exchange Act, as amended.⁷

The sponsor of the Trust is COTwo Advisors LLC, a Delaware limited liability company (“Sponsor”). State Street Bank and Trust Company serves as the Trust’s administrator (the “Administrator”) to perform various administrative, accounting and recordkeeping functions on behalf of the Trust. Wilmington Trust serves as trustee of the Trust (the “Trustee”). State Street Bank and Trust Company serves as the Trust’s transfer agent (the “Transfer Agent”) and as custodian of the Trust’s cash, if any (“Cash Custodian”).⁸

The Exchange represents that the Shares will satisfy the requirements of NYSE Arca Rule 8.201–E and thereby will qualify for listing on the Exchange.

Operation of the Trust⁹

The investment objective of the Trust will be for the Shares to reflect the performance of the price of EU Carbon Emission Allowances for stationary installations (“EUAs”), less the Trust’s expenses. The Trust intends to achieve its objective by investing all of its assets in EUAs on a non-discretionary basis (*i.e.*, without regard to whether the value of EUAs is rising or falling over any particular period). Shares of the Trust will represent units of fractional undivided beneficial interest in and ownership of the Trust. The Trust’s only ordinary recurring expense will be the Sponsor’s annual fee. The Trust will not hold any assets other than EUAs and cash. The Trust may purchase or sell EUAs in connection with the creation or redemption of Creation Units by Authorized Participants, as described below. In addition to selling EUAs to distribute cash to Authorized Participants redeeming Shares, the Trust may sell EUAs to pay the Sponsor’s annual fee. All EUAs will be held in the Union Registry (defined below).

The Trust will not invest in futures, options, options on futures, or swap contracts. The Trust will not hold or trade in commodity futures contracts, “commodity interests,” or any other instruments regulated by the Commodity Exchange Act.

The Trust is not a proxy for investing in EUAs. Rather, the Shares are intended to provide a cost-effective means of obtaining investment exposure through the securities markets that is similar to an investment in EUAs. Specifically, the Shares are intended to constitute a simple and cost-efficient means of gaining investment benefits similar to those of holding EUAs directly, by providing investors an opportunity to participate in the EUA market through an investment in the Shares, instead of the traditional means of purchasing and storing EUAs. Trust shareholders will be exposed to the risks of investing in EUAs, as well as to additional risks that are unrelated to EUAs. For example, the public trading price at which an investor buys or sells Shares during the day from their broker may be different from the value of the Trust’s holdings. Price differences may relate primarily to supply and demand forces at work in the secondary trading market for the Trust’s Shares that are closely related to, but not identical to, the same forces influencing the prices of EUAs, cash and cash equivalents that constitute the Trust’s assets. In addition, EUAs will have to be sold to pay Trust expenses that would not be associated with an investment in EUAs. Additional risks related to the Trust’s structure, the Sponsor’s management of the Trust, and the tax treatment of an investment in Shares are further in the Registration Statement.

EUAs and the EUA Industry

Description of EU Emissions Trading Scheme

According to the Registration Statement, the European Union Emissions Trading System (“EU ETS”) is a “cap and trade” system that caps the total volume of greenhouse gas (“GHG”) emissions from installations and aircraft operators responsible for around 40% of European Union (“EU”) GHG emissions.¹⁰ The EU ETS is the largest cap and trade system in the world and covers more than 11,000 power stations and industrial plants in 31 countries, and flights between airports of participating countries. The EU ETS is administered by the EU Commission, which issues a predefined amount of EUAs through auctions or free allocation. An EUA represents the right to emit one metric ton of carbon dioxide equivalent into the atmosphere by operators of stationary installations (“Covered Entities”). By the end of

April each year, all Covered Entities are required to surrender EUAs equal to the total volume of actual emissions from their installation for the last calendar year. EU ETS operators can buy or sell EUAs to achieve EU ETS compliance.

In 2012, EU ETS operations were centralized into a single EU registry operated by the EU Commission (the “Union Registry”), which covers all countries participating in the EU ETS. According to the Registration Statement, the Union Registry is an online database that holds accounts for all entities covered by the EU ETS as well as for participants (such as the Trust) not covered under the EU ETS. The Union Registry can be accessed online in a similar manner to online banking systems. An account must be opened in the Union Registry by a legal or natural person before being able to participate in the EU ETS and transact in EUAs. The European Union Transaction Log (“EUTL”) ¹¹ checks, records and authorizes all transactions that take place between accounts in the Union Registry to ensure that transfers are in accordance with the EU ETS rules. The Union Registry is at all times responsible for holding the EUAs. All EUAs are held in the Union Registry.

Major Holders and Allowance Use Cases

According to the Registration Statement, while there is limited publicly available data on individuals or individual organizations’ holdings in physical carbon allowances, carbon allowances are primarily held for three different use cases:

(a) Complying with the EU ETS: Companies that need to surrender allowances under the EU ETS hold allowances to surrender them annually. These positions are typically built over time and ultimately surrendered at time of compliance. Therefore, the largest emitters in the EU ETS hold a significant amount of allowances, which include entities such as large utilities with a substantial share of fossil fuel fired power plants, cement companies, steel producers, chemical producers, oil and gas majors and airlines.

(b) Providing financial services for hedging purposes or speculation, such as clearing houses for the European Energy Exchange or the Intercontinental Exchange, or banks holding allowances for their clients.

¹¹ The EUTL is a central transaction log that checks and records all transactions taking place within the EU ETS. It is run by the European Commission and provides an easy access to emission trading data contained in the EUTL. See <https://www.eea.europa.eu/data-and-maps/dashboards/emissions-trading-viewer-1>.

⁷ 17 U.S.C. 1.

⁸ The Cash Custodian is responsible for holding the Trust’s cash as well as receiving and dispensing cash on behalf of the Trust. Deposits of cash held by the Cash Custodian will be used in connection with the purchase of an applicable amount of EUAs for creations and redemptions of Creation Units and in connection with the payment of Trust expenses.

⁹ The description of the operation of the Trust, the Shares, and the carbon credit industry contained herein are based, in part, on the Registration Statement. See note 5, *supra*.

¹⁰ There are two types of EU emissions allowance: (i) general allowances for stationary installations, or EUA; and (ii) allowances for the aviation sector (“EUAA”). The Trust will hold EUAs only.

(c) Trading on and speculating around price moves, using physical emission allowances. This can take many forms, including “yield trades”, which includes holding a physical allowance and selling an EUA future at a premium to gain the yield in the forward curve; or outright positions for short term or long term speculation.

In addition to holding physical allowances, there is a liquid secondary futures and options market that is primarily used for hedging future emissions or speculating.

Trading Location

According to the Registration Statement, the EU ETS is linked to small emissions trading systems in Europe (Norway, Switzerland, Iceland and Liechtenstein), but not to any other major cap and trade markets. Therefore, allowances handed out in the EU ETS are not transferable to any registry outside of the EU ETS and cannot be used for compliance in any other cap and trade market.

There are a number of other trading systems globally, and like the EU ETS, no allowances of any of these systems can be used in any other system:

(a) Western Climate Initiative (WCI): The State of California and the Canadian province Quebec created a linked cap and trade market, that covers >80% of emissions.

(b) Regional Greenhouse Gas Initiative (RGGI): a group of US east coast states created a linked market that covers power generators only.

(c) The China National ETS: Technically not a cap and trade scheme (as the amount of allowances is not fixed but calculated according to historic production of units).

(d) South Korea ETS: A comprehensive market covering the majority of Korean emissions.

Pricing of Allowances and Trading Volume

According to the Registration Statement, there are currently two primary avenues for trading EUAs: a primary market and a secondary market. The primary market involves participation in a regularly scheduled auction. The secondary market involves transactions between buyers and sellers on regulated markets. The contracts offered for trading are the following (1) instruments with a daily expiry, including spot EUAs and the Daily EUA Future (as defined below), (2) futures contracts with various maturities; and (3) options on futures contracts. There are also over-the-counter transactions, but they comprise a negligible percentage of transactions.

The spot and futures markets for EUAs have existed since 2005 after the formal launch of the EU ETS on January 1, 2005. Spot EUA contracts are traded exclusively on the European Energy Exchange AG (“EEX”),¹² and futures contracts and options on futures contracts are traded on EEX, ICE Endex Markets B.V. (“ICE Endex”) ¹³ and Nasdaq Oslo, although the latter’s market share is marginal.

According to the Registration Statement, the EUA markets are generally liquid. The classifications for market participants include five basic categories—(1) investment firms or credit institutions, (2) investment funds, (3) other financial institutions, (4) operators with compliance obligations and (5) commercial undertakings which are non-financial firms without compliance obligations.¹⁴ According to the European Union Transaction Log, there are over 18,773 registry accounts.¹⁵ The number of participants in the market have a direct bearing on the quality of trading. An Oxera report indicates that as the number of participants trading EUA futures has increased consistently since January

¹² EEX is an exchange under the German Exchange Act and a Regulated Market (“RM”), as defined in the Markets in Financial Instruments Directive (Directive 2014/65/EC) (“MIFID II”). As a RM for spot and derivatives transactions, EEX is supervised by the Saxon State Ministry for Economic Affairs, Labour and Transport (the “Exchange Supervisory Authority”). The Exchange Supervisory Authority is in charge of the legal supervision of EEX and of market supervision of the trading participants according to the German Exchange Act. The members of EEX are supervised by the Federal Financial Supervisory Authority (BaFin). All trading participants are required to comply with the market behavior at the spot and derivatives markets of all exchange participants is supervised on a daily basis by the Market Surveillance Office, an independent body of the exchange according to Section 7 of the German Exchange Act. See https://www.esma.europa.eu/sites/default/files/EEX_1.pdf. See also Rules and Regulations at <https://www.eex.com/en/markets/trading-ressources/rules-and-regulations>.

¹³ ICE Endex is regulated in the Netherlands by the Dutch Authority for the Financial Markets (“AFM”) as a RM, as defined in MIFID II, which is implemented in Dutch Act on Financial Supervision (“DFSA”). The license as a RM is obtained under Section 5:26(1) of the DFSA, resulting in an authorization by the Minister of Dutch Ministry of Finance to operate a RM and supervised by the AFM. In the UK, ICE Endex is a Recognized Overseas Investment Exchange by the Financial Conduct Authority. See <https://www.ice.com/endex/regulation#:~:text=The%20Dutch%20Authority%20for%20Consumers,energy%20industry%20and%20wholesale%20trading>. ICE Endex is also recognized by the CFTC as an authorized Foreign Board of Trade. See <https://www.cftc.gov/sites/default/files/idc/groups/public/@otherif/documents/ifdocs/orgiceeregorder170110.pdf>.

¹⁴ See [esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf](https://www.esma.europa.eu/sites/default/files/70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf) (europa.eu).

¹⁵ See <https://ec.europa.eu/clima/ets/>.

2017, relative spreads, calculated as the average quoted spread divided by the closing price, have decreased significantly—from just under 0.4% in January 2017 to roughly 0.06% in October 2021.¹⁶ In a February 2023 publication, Refinitiv estimated that approximately 9.27 billion EUAs were traded across all markets in 2022, amounting to approximately €751 billion.¹⁷ Out of the total EUA market, approximately 487 million EUAs (amounting to €38.5 billion) were attributable to the EUA primary (auction) market, 8.45 billion EUAs (€685.3 billion) were attributable to the EUA secondary market and 335 million EUAs (€27.3 billion) were attributable to over-the-counter (“OTC”) transactions. In this context, the secondary market includes (1) the EEX spot EUA market, (2) the Daily EUA Futures market, (3) the markets for other EUA futures contracts (together with Daily EUA Futures, “EUA Futures”), and (4) options contracts on EUA Futures. Data regarding each of the trading of each of these instruments is provided below. As of January 2023, the secondary market had average daily trading volume of €2 billion, with the majority of the liquidity in the daily futures market as described in more detail below. EUA auctions are held on a near-daily basis throughout the year, other than between mid-December to mid-January, when auctions are paused. Twenty-eight countries (25 EU member states plus Liechtenstein, Norway, and Iceland) have agreed to use EEX to conduct their regularly scheduled auctions. Germany and Poland have opted out of the common auction but also utilize the EEX for auctions. Hence, EUA auctions take place exclusively on EEX. These auctions take place on a regularly scheduled basis; the number of allowances being auctioned is disclosed on a schedule prior to auction. Prices achieved in these auctions are published on various publicly-accessible websites, including the European Commission’s primary website.

Below is a discussion of the secondary markets for EUAs and associated derivatives. The Trust will

¹⁶ Carbon trading in the European Union: An economic assessment of market functioning in 2021, Oxera, p. 42 (February 15, 2022); available at <https://www.oxera.com/wp-content/uploads/2022/02/Oxera-EU-carbon-trading-report-3.pdf>.

¹⁷ See “Review of Carbon Markets in 2022” (February 2023); available at https://www.refinitiv.com/content/dam/marketing/en_us/documents/gated/reports/carbon-market-year-in-review-2022.pdf. The report presents Refinitiv’s assessment of the world’s major carbon markets in 2022 and the total EUA market size includes spot, auctions and futures.

only hold EUAs, and will not hold any of the related derivatives.

Instruments With a Daily Expiry

Instruments with daily expiry include spot EUAs traded on the EEX and the Daily EUA Future traded on ICE Endx. The Exchange notes that the settlement and economic outcome for a spot purchase on the EEX and a same day futures purchase on the ICE Endx are identical (as further detailed below). In fact, the European Securities Markets Authority (“ESMA”), in its “Final Report: Emission Allowances and Associated Derivatives,” uses the term “spot” EUAs to include both spot EUAs traded on EEX and the Daily EUA Future traded on ICE Endx.¹⁸

Spot EUA Market

As noted above, spot EUA contracts are traded exclusively on the EEX. The current value (spot price) for a EUA is greatly influenced by a number of factors, including regulatory changes, world events and general levels of economic activity. The trading hours for spot EUAs on EEX are 8:00 a.m. to 6:00 p.m. Central European Time (“C.E.T.”), and trade registrations are possible until 6:45 p.m. C.E.T. Trades concluded before 4:00 p.m. C.E.T. are settled on the next business day, or T+1, while trades after 4:00 p.m. C.E.T. are settled on the day after the first business day, or T+2.

In the twelve-month period ended July 15, 2024, the average daily, monthly and annual trading volumes of spot EUAs on the EEX was 156, 3,247 and 38,968 round lots of 1000 EUAs, respectively. Over the same period, spot EUAs traded in the secondary market on EEX at their highest volume of 5,010 round lots of EUAs on December 1, 2023, and their lowest volume of 0 EUAs on four different occasions. The EEX calculates and publishes each trading day an index (the “EUA End of Day Index”) reflecting the end of day price of EUAs traded in the secondary market on EEX.¹⁹

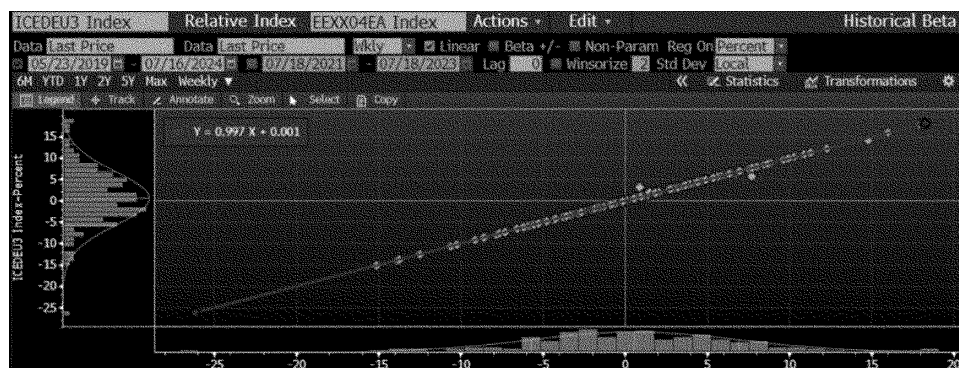
Daily EUA Futures

Most liquidity in the secondary market is achieved by trading futures contracts. These contracts have expiration going out as far as 2030. A single day futures contract on EUAs is exclusively traded on the ICE Endx (the “Daily EUA Future”), which settles each day at the close of trading.²⁰ The Daily EUA Future is a deliverable contract where each person with a position open at cessation of trading is obliged to make or take physical delivery of EUAs upon the expiration of the contract at the end of each trading day. Settlement of the Daily EUA Future does not occur through cash transactions. Each Daily EUA Future represents one lot of 1,000 EUAs, with each EUA providing an entitlement to

emit one ton of carbon dioxide equivalent gas. Generally, Daily EUA Futures trade on ICE Endx from approximately 2:00 a.m. Eastern Time (“E.T.”) to approximately 12:00 p.m. E.T. The settlement price is fixed each business day and is published by the exchange at approximately 12:15 E.T. Final cash settlement occurs the first business day following the expiry day. In the twelve-month period ended July 15, 2024, the average daily, monthly and annual trading volumes of Daily EUA Futures was approximately 3,688, 76,842 and 922,094, respectively, which represents trading volumes of 3,688,000, 76,842,000 and 922,094,000 EUAs, respectively. Over the same period, Daily EUA Futures traded at their highest volume of 27,749 on April 17, 2024, representing 27,749,000 EUAs, and their lowest volume of 230 on August 11, 2023, representing 230,000 EUAs.

Comparison of Spot EUA Market and Daily EUA Futures Market

The daily EUA End of Day Index value can be expected to be substantially identical to the daily settlement price of the Daily EUA Future. The comparison below shows a 99.8% correlation between the movements of the two values over the five years from May 23, 2019 through May 23, 2024.



Additionally, the chart below illustrates how closely the Daily EUA Future, in fact, reflects the EUA spot price during the trading day. This chart

shows the prices in continuous trading of EUAs on the EEX and the Daily EUA Futures on ICE Endx, in EUR/tCO₂ from January 2018 to January 2022. No

major differences can be observed, with an average absolute difference of €0.015 between the daily settlement prices for EUAs on the EEX and ICE Endx.

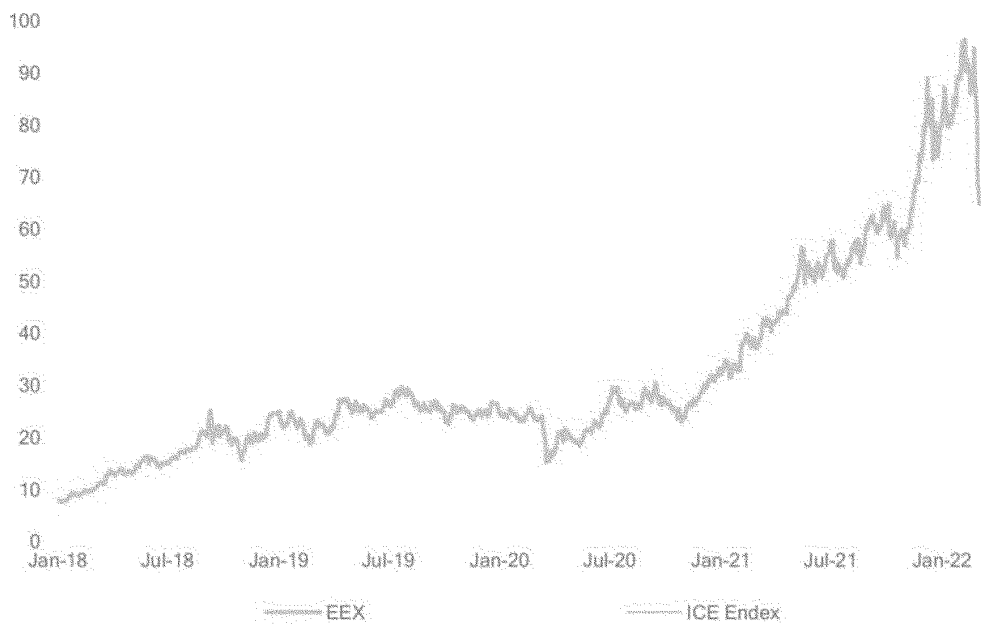
¹⁸ See [esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf](https://www.esma.europa.eu/press-material/press-conferences/esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf) (europa.eu).

¹⁹ The EUA End of Day Index methodology is available at <https://www.eex.com/fileadmin/EEX/>

[Downloads/Trading/Specifications/Indices/DE/20211005_Index_Description_v010.pdf](#).

²⁰ All references to the “Daily EUA Future” refer to the single day EUA futures contract traded on ICE Endx. NASDAQ Oslo also offers a single day

futures contract on EUAs, but the contract is not traded.



(https://www.esma.europa.eu/sites/default/files/library/esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf:p37)

Other EUA Futures Contracts

EEX offers monthly EUA futures contracts for the current and next two months unless a quarterly or December future expires at that month’s maturity date; quarterly futures for the current

and next 11 quarters unless a December future expires at that quarter’s maturity date; and yearly, or December, futures for the next 8 years which mature in December of each respective year. ICE Endex offers up to seven December futures contracts, nine quarterly futures contracts, three August futures contracts and two monthly futures contracts. Nasdaq Oslo offers a quarterly futures contract over a rolling six year period.

There is no material trading volume in EUA Futures on Nasdaq Oslo.

In each market, the predominant futures contracts traded were those expiring in December 2024 and December 2025. For the twelve-month period ended July 24, 2024, the average daily trading volumes and annual volumes of the EUA Futures expiring in December 2024 and December 2025 were as follows:

JULY 24, 2023 THROUGH JULY 24, 2024

	ICE Endex		EEX	
	Average daily trading volume (each contract represents 1,000 EUAs)	Total trading volume (each contract represents 1,000 EUAs)	Average daily trading volume (each contract represents 1,000 EUAs)	Total trading volume (each contract represents 1,000 EUAs)
December 2024 EUA Future	31,989	4,900,021	952	244,574
December 2025 EUA Future	3,463	500,792	195	50,164

Options on EUA Futures Contracts

Options on EUA futures contracts are also traded on EEX and ICE Endex for the December futures contracts. These options contracts are only traded in de minimis amounts. For example, on July 24, 2024, there was no trading of options contracts on EUA Futures on either the EEX or ICE Endex.

Section 6(b)(5) and the Applicable Standards

The Commission has approved numerous Commodity-Based Trust Shares, to be listed on U.S. national securities exchanges. In order for any proposed rule change from an exchange to be approved, the Commission must determine that, among other things, the proposal is consistent with the

requirements of Section 6(b)(5) of the Act, specifically including: (i) the requirement that a national securities exchange’s rules are designed to prevent fraudulent and manipulative acts and practices; and (ii) the requirement that an exchange proposal be designed, in general, to protect investors and the public interest. The Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act and that this filing sufficiently demonstrates that ICE Endex is a regulated market of significant size for trading EUAs and that any manipulation concerns are sufficiently mitigated to the point that they are outweighed by investor protection issues that would be resolved by approving this proposal.

Designed To Prevent Fraudulent and Manipulative Acts and Practices

The Exchange believes that the proposal is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest, consistent with Section 6(b)(5) of the Act because (1) the Exchange has entered into a comprehensive surveillance-sharing agreement (“CSSA”) with a regulated market of “significant size” and (2) there are sufficient “other means to prevent fraudulent and manipulative acts and practices.”

Comprehensive Surveillance-Sharing Agreement

The Commission has explained that a proposal could satisfy the requirements

of the Act in the first instance by demonstrating that the listing exchange has entered into a CSSA with a regulated “market of significant size” relating to the underlying assets.²¹ With respect to the Trust, the underlying assets are EUAs. The relevant analysis, therefore, is whether the Exchange has a CSSA with a regulated market of significant size related to EUAs. The Commission has further stated that “[c]onsistent with the discussion of ‘significant market’ . . . , the Commission has not previously, and does not now, require that [a] listing exchange be able to enter into a surveillance-sharing agreement with each regulated spot or derivatives market relating to an underlying asset, provided that the market or markets with which there is such an agreement constitute a ‘significant market.’”²²

The Commission has emphasized that it is essential for an exchange listing a derivative securities product to enter into a surveillance-sharing agreement with markets trading the underlying assets for the listing exchange to have the ability to obtain information necessary to detect, investigate, and deter fraud and market manipulation, as well as violations of exchange rules and applicable federal securities laws and rules.²³ Comprehensive surveillance-sharing agreements “provide a necessary deterrent to manipulation because they facilitate the availability of information needed to fully investigate a manipulation if it were to occur.”²⁴ The hallmarks of a surveillance-sharing agreement are that the agreement provides for the sharing of information about market trading activity, clearing activity, and customer identity; that the parties to the agreement have reasonable ability to obtain access to and produce requested information; and that no existing rules, laws, or practices would impede one party to the agreement from

obtaining this information from, or producing it to, the other party.²⁵

The ICE Endex Futures Market Is a Regulated Market

As discussed more below, ICE Endex is subject to the EU regulatory framework for EUA contracts and EUA derivatives. The EU regulatory framework includes the Markets in Financial Instruments Directive and Regulation (“MiFID II” and “MiFIR”), the Market Abuse Regulation (“MAR”) and the European Market Infrastructure Regulation (“EMIR”). MiFID II and MiFIR together is a framework governing investment firms, trading venues, data reporting service providers and non-EU investment firms that provide investment services in the EU. The MAR prohibits insider dealing, unlawful disclosure of inside information and market manipulation and provides broad powers to the national competent authorities (“NCAs”) for detection and prosecution of violations. EMIR regulates OTC derivatives transactions, central counterparties and trade repositories.

The ICE Endex Futures Market Is a Market of Significant Size

In the Winklevoss Order, the Commission stated that the term “significant market” or “market of significant size” includes a market (or group of markets) as to which (1) there is a reasonable likelihood that a person attempting to manipulate the Trust would also have to trade on that market to successfully manipulate the Trust, so that a surveillance-sharing agreement would assist in detecting and deterring misconduct, and (2) it is unlikely that trading in the Trust would be the predominant influence on prices in that market.²⁶ The Commission explained that this definition is illustrative and not exclusive, and that there could be other types of “significant markets” and “markets of significant size.”²⁷

Any Manipulator Would Have To Trade on ICE Endex

The first prong of the analysis addresses whether the surveillance-sharing agreement on which the fund’s listing exchange proposes to rely would assist in detecting and deterring fraudulent or manipulative misconduct

related to the assets held by the fund. In the present proposal, the Trust’s only non-cash holdings will be EUAs. The predominant market for trading EUA instruments with daily expiry is the ICE Endex Daily EUA Futures market, with de minimis secondary market trading taking place on EEX or over-the-counter. The EEX’s primary role in the EUA ecosystem is to serve as the venue for the daily auctions of EUAs.

The regulated market of significant size test does not require that the spot EUA market be regulated in order for the Commission to approve this proposal, and precedent makes clear that an underlying market for a spot commodity or currency being a regulated market would actually be an exception to the norm. These largely unregulated currency and commodity markets do not provide the same protections as the markets that are subject to the Commission’s oversight, but the Commission has consistently looked to surveillance sharing agreements with the underlying futures market in order to determine whether such products were consistent with the Act. With this in mind, if the ICE Endex Daily EUA Futures market is not viewed as the market for spot EUAs, the ICE Endex EUA Futures market more broadly is an appropriate market to consider in determining whether there is a related regulated market of significant size.

ICE Endex is the only market for trading Daily EUA Futures and, as noted above, for the twelve-months ended July 15, 2024, the average daily trading volume of Daily EUA Futures on the ICE Endex was 3,688 contracts, representing 3,688,000 EUAs, whereas the average daily trading volume on the EEX was 156 round lots, representing 156,000 EUAs. Therefore, over that one year period, approximately 96% of all secondary market trading of EUA spot instruments with daily expiry occurred on the ICE Endex (which, as described above, includes spot EUAs and Daily EUA Futures). With respect to all EUA based derivatives, ICE Endex accounts for approximately 85% of the EUA trading volume and EEX accounts for approximately 15%.²⁸

Given the size of the ICE Endex futures markets, especially the Daily EUA Futures market, the Sponsor believes such markets meet the Commission’s definition of “significant market” because there is a reasonable likelihood that a person attempting to manipulate the Trust would also have to

²¹ See Securities Exchange Act Release No. 88284 (February 26, 2020), 85 FR 12595 (March 3, 2020) (SR-NYSEArca-2019-39) (Order Disapproving a Proposed Rule Change, as Modified by Amendment No. 1, to Amend NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares) and to List and Trade Shares of the United States Bitcoin and Treasury Investment Trust Under NYSE Arca Rule 8.201-E).

²² See Securities Exchange Act Release No. 83723 (July 26, 2018), 83 FR 37579 (August 1, 2018) (Order Setting Aside Action by Delegated Authority and Disapproving a Proposed Rule Change, as Modified by Amendments No. 1 and 2, to List and Trade Shares of the Winklevoss Bitcoin Trust) (the “Winklevoss Order”).

²³ See Amendment to Rule Filing Requirements for Self-Regulatory Organizations Regarding New Derivative Securities Products, Securities Exchange Act Release No. 40761 (Dec. 8, 1998), 63 FR 70952, 70959 (Dec. 22, 1998).

²⁴ *Id.* See also Winklevoss Order, 83 FR at 37594.

²⁵ See Winklevoss Order, 83 FR at 37592–93 (discussing Letter from Brandon Becker, Director, Division of Market Regulation, Commission, to Gerard D. O’Connell, Chairman, Intermarket Surveillance Group (June 3, 1994), available at <https://www.sec.gov/divisions/marketreg/mr-noaction/ismg060394.htm>).

²⁶ See Winklevoss Order, 83 FR at 37594.

²⁷ *Id.*

²⁸ See [esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf](#) (europa.eu).

trade on that market to successfully manipulate the Trust, since arbitrage between the derivative and spot markets would tend to counter an attempt to manipulate the spot market alone. Arbitrageurs have access to both the EEX and ICE Endex and any attempt to manipulate one market that causes a difference between the EUA spot price and the Daily EUA Futures price will quickly be exploited, thus maintaining the correlation between EEX and ICE Endex. Therefore, any attempt to manipulate the spot EUA market alone would be impossible because arbitrage would correct any movements in the spot market to bring the prices of spot EUAs back in line with the settlement price of the Daily EUA Future. Therefore, any person attempting to manipulate the Trust Shares would also have to trade in the EUA Futures market to manipulate the spot and futures markets in tandem.²⁹

²⁹ The Commission has granted several prior proposals to list and trade shares of physical commodity-based exchange-traded products, noting in every case that there was at least one regulated market of significant size for trading futures in the underlying commodity—whether gold, silver, platinum, palladium or copper—and the product's listing exchange has entered into surveillance-sharing agreements with, or held Intermarket Surveillance Group ("ISG") membership in common with, that market. See Securities Exchange Act Release Nos. 61220 (December 22, 2009), 74 FR 68895, 68896 (December 29, 2009) (SR-NYSEArca-2009-94) (notice of proposed rule change included NYSE Arca's representation that "[t]he most significant palladium futures exchanges are the NYMEX and the Tokyo Commodity Exchange," that "NYMEX is the largest exchange in the world for trading precious metals futures and options," and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which NYMEX is a member; 61219 (December 22, 2009), 74 FR 68886, 68887-88 (December 29, 2009) (SR-NYSEArca-2009-95) (notice of proposed rule change included NYSE Arca's representation that "[t]he most significant platinum futures exchanges are the NYMEX and the Tokyo Commodity Exchange," that "NYMEX is the largest exchange in the world for trading precious metals futures and options," and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which NYMEX is a member; 62692 (August 11, 2010), 75 FR 50789, 50790 (August 17, 2010) (SR-NYSEArca-2010-56) (notice of proposed rule change included NYSE Arca's representation that "the most significant gold, silver, platinum and palladium futures exchanges are the COMEX and the TOCOM" and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which COMEX is a member; 62875 (September 9, 2010), 75 FR 56156, 56158 (September 15, 2010) (SR-NYSEArca-2010-71) (notice of proposed rule change included NYSE Arca's representation that "the most significant silver, platinum and palladium futures exchanges are the COMEX and the TOCOM" and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which COMEX is a member; 63464 (December 8, 2010), 75 FR 77926, 77928 (December 14, 2010) (SR-NYSEArca-2010-95) (notice of proposed rule change included NYSE Arca's representation that "the most significant gold futures exchanges are the COMEX and the Tokyo Commodity Exchange," that

The Trust Is Unlikely To Be the Predominant Influence on Price

It is unlikely that trading in the Trust Shares would be the predominant influence on Daily EUA Futures prices traded on ICE Endex for a number of reasons, including the significant volume in and size of the EUA daily expiry market (meaning the Daily EUA Futures market, in effect). The total EUA market size is approximately €751 billion with approximately €64.1 billion of that attributable to the Daily EUA Futures market. The daily average trading volume for EUAs across the secondary market is approximately €2 billion, with approximately €264.8 million attributable to trading in the Daily EUA Futures market. The Trust has not yet launched and cannot predict its future inflows; however, given the size of the Daily EUA Futures market and the EUA market, as a whole, the Sponsor does not anticipate that the Trust will have available capital to buy and sell EUAs in an amount that would move the EUA market or that investors would be able to trade Trust Shares at such a volume as to influence Daily EUA Futures prices on ICE Endex. Additionally, the trading hours for the ICE Endex (*i.e.*, EUA Futures market) are approximately 2:00 a.m. E.T. to approximately 12:00 p.m. E.T. The majority of this time period (7.5 hours) is outside of the Trust's trading hours of 9:30 a.m. E.T. to 4:00 p.m. E.T. As such, it is unlikely that trading in the Trust's Shares would be the primary influencer of the EUA Futures prices traded on ICE Endex, because the ICE Endex is actively traded for 7.5 hours during which the Trust Shares cannot be traded.

"COMEX is the largest exchange in the world for trading precious metals futures and options," and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which COMEX is a member; 68430 (December 13, 2012), 77 FR 75239, 75240-41 (December 19, 2012) (SR-NYSEArca-2012-111) (notice of proposed rule change included NYSE Arca's representation that "[f]utures on platinum and palladium are traded on two major exchanges: The New York Mercantile Exchange . . . and Tokyo Commodities Exchange" and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," of which COMEX is a member; 71378 (January 23, 2014), 79 FR 4786, 4786-87 (January 29, 2014) (SR-NYSEArca-2013-137) (notice of proposed rule change included NYSE Arca's representation that "COMEX is the largest gold futures and options exchange" and that NYSE Arca "may obtain trading information via the Intermarket Surveillance Group," including with respect to transactions occurring on COMEX pursuant to CME and NYMEX's membership, or from exchanges "with which [NYSE Arca] has in place a comprehensive surveillance sharing agreement.").

Other Means To Prevent Fraudulent and Manipulative Acts and Practices

In addition to Exchange's CSSA with ICE Endex, there are other mechanisms in place to deter and detect misconduct across both the EUA spot and derivatives markets. Both EEX and ICE Endex are subject to the EU regulatory framework for EUA contracts and EUA derivatives. The EU regulatory framework includes the Markets in Financial Instruments Directive and Regulation ("MiFID II" and "MiFIR"), the Market Abuse Regulation ("MAR") and the European Market Infrastructure Regulation ("EMIR").³⁰ MiFID II and MiFIR together is a framework governing investment firms, trading venues, data reporting service providers and non-EU investment firms that provide investment services in the EU.³¹ The MAR prohibits insider dealing, unlawful disclosure of inside information and market manipulation and provides broad powers to the national competent authorities ("NCAs") for detection and prosecution of violations.³² EMIR regulates OTC derivatives transactions, central counterparties and trade repositories.³³ ESMA is the EU's overall financial markets regulator that has supervisory authority over the NCAs.³⁴ Under the EU regulatory framework, there are three lines of defense against market abuse.³⁵ At the firm level (first line), firms are required to have systems and procedures in place to ensure that abusive trading is detected and reported to NCAs. At the market operator, investment firm and trading venue level (second line), these entities are required to identify and report suspicious transactions and maintain policies and procedures to prevent market abuse. Additionally, exchanges such as EEX and ICE Endex are required to report information to the relevant authorities on a daily basis. At the NCA level (third line), NCAs have market surveillance systems in place to monitor markets and

³⁰ Carbon trading in the European Union: An economic assessment of market functioning in 2021, Oxera, p. 26 (February 15, 2022); available at <https://www.oxera.com/wp-content/uploads/2022/02/Oxera-EU-carbon-trading-report-3.pdf>.

³¹ MiFID II Overview, Practical Law Financial Services.

³² See *esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf* (europa.eu).

³³ Carbon trading in the European Union: An economic assessment of market functioning in 2021, Oxera, p. 61 (February 15, 2022); available at <https://www.oxera.com/wp-content/uploads/2022/02/Oxera-EU-carbon-trading-report-3.pdf>.

³⁴ <https://www.esma.europa.eu/about-esma>.

³⁵ See *esma70-445-38_final_report_on_emission_allowances_and_associated_derivatives.pdf* (europa.eu).

identify and investigate suspicious transactions. NCAs have broad enforcement power and cooperate with each other and ESMA to obtain the information needed for optimal surveillance and in order to prosecute violations.³⁶ Exchanges (such as EEX and ICE Endex) and governmental authorities share information and communicate frequently regarding monitoring activities.³⁷

While the Exchange is not a participant in the EU regulatory framework, the Exchange believes that the EU's robust oversight and monitoring regime, in addition to the Exchange's CSSA with ICE Endex which would allow for the sharing of information and thus provide sufficient means to prevent fraudulent and manipulative acts and practices.

Designed To Protect Investors and the Public Interest

The Exchange believes that the proposal is designed to protect investors and the public interest. The Exchange believes that the concerns related to the prevention of fraudulent and manipulative acts and practices have been sufficiently addressed for this proposal to be consistent with the Act and, to the extent that the Commission disagrees with that assertion, such concerns are now outweighed by investor protection concerns. As such, the Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors to access EUAs in a regulated and transparent exchange-traded vehicle that would act to limit risk and benefit U.S. investors by: (i) reducing premium and discount volatility as compared to OTC investment vehicles; (ii) increasing competitive pressure on management fees resulting in fee compression/reductions; (iii) reducing risks and costs as compared to those associated with investing in EUAs; and (iv) providing an alternative to maintaining custody of EUAs.

Creation and Redemption of Shares

According to the Registration Statement, the Trust will create and redeem Shares on a continuous basis in one or more Creation Units. A Creation Unit equals a block of 50,000 Shares, which amount may be revised from time-to-time. The Trust will issue Shares in Creation Units to certain

authorized participants ("Authorized Participants") on an ongoing basis. Each Authorized Participant must be a registered broker-dealer or other securities market participant such as a bank or other financial institution which is not required to register as a broker-dealer to engage in securities transactions, a participant in The Depository Trust Company ("DTC") and have entered into an agreement with the Sponsor and the Transfer Agent (the "Participant Agreement").

Creation Units may be created or redeemed only by Authorized Participants. The creation and redemption of Creation Units is made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of EUAs, or the amount of cash sufficient to purchase the amount of EUAs, represented by the Creation Units being created or redeemed. The amount of EUAs or cash required to be delivered to the Trust in connection with any creation, or paid out upon redemption, is based on the combined net asset value of the number of Shares included in the Creation Units being created or redeemed as determined on the day the order to create or redeem Creation Units is properly received and accepted. Orders must be placed by 11:00 a.m. New York time. The day on which the Administrator receives a valid purchase or redemption order is the order date. Creation Units may only be issued or redeemed on a day that the Exchange is open for regular trading.

For a cash creation, an Authorized Participant will deliver the cash to the Trust's account at the Cash Custodian, which the Sponsor will then use to purchase EUAs from a third party selected by the Sponsor who (1) is not an Authorized Participant and (2) will not be acting as an agent, nor at the discretion, of the Authorized Participant with respect to the delivery of EUAs to the Trust (such third party, a "Liquidity Provider"). For a cash redemption, the Sponsor shall arrange for the EUAs represented by the Creation Units to be sold to a Liquidity Provider selected by the Sponsor and the cash proceeds distributed from the Trust's account at the Cash Custodian to the Authorized Participant in exchange for its Shares. In the case of "in-kind" creation or redemption orders for Shares, an Authorized Participant may deliver or direct the delivery of EUAs by third parties, or take delivery or direct the taking of delivery of EUAs by third parties.

For cash creations, an Authorized Participant who places a purchase order is responsible for arranging for the delivery to the Trust's account with the

Cash Custodian of the required cash deposit by 2:00 p.m. New York time on the first business day following the purchase order date. The Liquidity Provider delivers EUAs to the Trust's Union Registry account in exchange for the cash purchase price. Upon settlement of the EUA purchase from the Liquidity Provider into the Trust's Union Registry account, the Trust instructs the Transfer Agent to release the Shares to the Authorized Participant, and the Transfer Agent directs DTC to credit the number of Shares ordered to the applicable DTC account, by close of business on the purchase settlement date.

For in-kind creation orders, an Authorized Participant who places a purchase order is responsible for arranging for the delivery to the Trust's Union Registry account the required EUA deposit by 2:00 p.m. New York time on the first business day following the order date. Upon receipt of the EUA deposit amount in the Trust's Union Registry account, the Union Registry will notify the Sponsor that the EUAs have been deposited. Upon receipt of confirmation from the Union Registry that the EUA deposit amount has been received, the Administrator will direct DTC to credit the number of Shares created to the Authorized Participant's DTC account.

According to the Registration Statement, the redemption distribution due from the Trust will be delivered once the Administrator notifies the Sponsor that the Authorized Participant has delivered the Shares to be redeemed to the Trust's DTC account. The redemption distribution will be delivered to the Authorized Participant on the first business day following the order date.

For cash redemptions, on the redemption settlement date, the Liquidity Provider delivers cash to the Trust's account with the Cash Custodian in exchange for the redemption EUAs amount. Upon settlement of the EUA sale by the Trust to the Liquidity Provider and the receipt of the Liquidity Provider's cash in the Trust's Cash Custodian account, the Trust instructs the Transfer Agent to deliver the Authorized Participant's Shares to be redeemed back to the Trust, in exchange for which the Trust instructs the Cash Custodian to transfer the requisite to the Authorized Participant's designated bank account and the redemption order is settled.

For in-kind redemptions, once the Administrator notifies the Sponsor that the Shares have been received in the Trust's DTC account, the Sponsor instructs the Union Registry to transfer

³⁶ *Id.*

³⁷ Carbon trading in the European Union: An economic assessment of market functioning in 2021, Oxera, p. 26–27 (February 15, 2022); available at <https://www.oxera.com/wp-content/uploads/2022/02/Oxera-EU-carbon-trading-report-3.pdf>.

the redemption EUA amount from the Trust's Union Registry account to the Union Registry account of the Authorized Participant or its agent.

The Sponsor is the only entity that may initiate a withdrawal of EUAs from the Trust's Union Registry account, and the only accounts that may receive EUAs from the Trust's Union Registry account are the Union Registry accounts of the Authorized Participants and Liquidity Providers, their agents or the Sponsor.

Net Asset Value ("NAV")

The Trust's NAV is calculated by taking the current market value of its total assets, less any liabilities of the Trust, and dividing that total by the total number of outstanding Shares.

The Administrator will calculate the NAV of the Trust once each Exchange trading day. The NAV for a normal trading day will be released after the end of the Core Trading Session, which is typically 4 p.m. New York time. The NAV for the Trust's Shares will be disseminated daily to all market participants at the same time. The Administrator will use the settlement price for the Daily EUA Futures established by ICE Endex to calculate the NAV. The Administrator also converts the value of Euro denominated assets into US Dollar equivalent using published foreign currency exchange prices by an independent pricing vendor. Third parties supplying quotations or market data may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Indicative Fund Value ("IFV")

In order to provide updated information relating to the Trust for use by investors and market professionals, an updated IFV will be made available through on-line information services throughout the Exchange Core Trading Session (normally 9:30 a.m. to 4:00 p.m. E.T.) on each trading day. The IFV will be calculated by using the prior day's closing NAV per Share of the Trust as a base and updating that value throughout the trading day to reflect changes in the most recently reported mid-point of the bid-ask spread of the Daily EUA Future. The IFV disseminated during NYSE Arca Core Trading Session hours should not be viewed as an actual real time update of the NAV, because the NAV will be calculated only once at the end of each trading day based upon the relevant end of day values of the Trust's investments. Although the IFV will be disseminated

throughout the Core Trading Session, the customary trading hours for EUAs are 2 a.m. to 12 p.m. Eastern Time. During the gap in time at the end of each trading day during which the Shares are traded on the Exchange, but real-time trading prices for EUAs are not available, the IFV will be calculated based on the end of day price of EUAs immediately preceding the trading session.

The IFV will be disseminated on a per Share basis every 15 seconds during regular NYSE Arca Core Trading Session.

Availability of Information

The NAV for the Trust's Shares will be disseminated daily to all market participants at the same time. The intraday, closing prices, and settlement prices for EUAs will be readily available from the applicable futures exchange websites, automated quotation systems, published or other public sources, or major market data vendors. The IFV per Share for the Shares will be disseminated by one or more major market data vendors on at least a 15 second delayed basis as required by NYSE Arca Rule 8.201-E(e)(2)(v).

Complete real-time data for EUAs and Daily EUA Futures is available by subscription through on-line information services. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association. The IFV will be available through on-line information services. The trading prices for EUAs and Daily EUA Futures will be disseminated by on-line subscription services or by one or more major market data vendors during the NYSE Arca Core Trading Session of 9:30 a.m. to 4:00 p.m. E.T.

EEX also provides on its website, on a daily basis, transaction volumes and transaction prices for the EUA spot market. ICE Endex provides on its website, on a daily basis, transaction volumes, transaction prices, daily settlement prices and historical settlement prices for Daily EUA Futures that were traded outside of block trades by EUA futures brokers. In addition, transaction volumes, transaction prices, daily settlement prices and historical settlement prices for Daily EUA Futures traded in block trades by futures brokers are available on a daily basis through a subscription service to ICE Endex. However, ICE Endex provides the daily settlement price change of the Daily EUA Future on its website.

In addition, the Trust's website (www.cotwoadvisors.com) will contain the following information, on a per Share basis, for the Trust: (a) the prior

business day's end of day closing NAV; (b) the Official Closing Price³⁸ or the midpoint of the national best bid and the national best offer ("NBBO") as of the time the NAV is calculated ("Bid-Ask Price"); (c) calculation of the premium or discount of the Official Closing Price against the NAV expressed as a percentage of such NAV; (d) the prospectus; and (e) other applicable quantitative information. The Trust will also provide website disclosure of its EUA holdings before 9:30 a.m. E.T. on each trading day.

The Trust's website will be publicly available prior to the public offering of Shares and accessible at no charge. The website disclosure of the Trust's daily holdings will occur at the same time as the disclosure by the Trust of the daily holdings to Authorized Participants so that all market participants are provided daily holdings information at the same time. Therefore, the same holdings information will be provided on the public website as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current daily holdings of the Trust through the Trust's website. In addition, information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Trading in the Shares on the Exchange will occur in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00, for which the MPV for order entry is \$0.0001.

³⁸ The term "Official Closing Price" is defined in NYSE Arca Rule 1.1(l) as the reference price to determine the closing price in a security for purposes of Rule 7-E Equities Trading, and the procedures for determining the Official Closing Price are set forth in that rule.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Rule 8.201–E. The trading of the Shares will be subject to NYSE Arca Rule 8.201–E(g), which sets forth certain restrictions on Equity Trading Permit (“ETP”) Holders acting as registered Market Makers in Commodity-Based Trust Shares to facilitate surveillance. The Exchange represents that, for initial and continued listing, the Trust will be in compliance with Rule 10A–3³⁹ under the Act, as provided by NYSE Arca Rule 5.3–E. A minimum of 50,000 Shares will be outstanding at the commencement of trading on the Exchange.

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder. To the extent the Exchange may be found to lack jurisdiction over a subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts, the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which conditions in the underlying carbon credit market have caused disruptions and/or lack of trading, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange’s “circuit breaker” rule.⁴⁰

The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IFV, as described above. If the interruption to the dissemination of the IFV persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the

NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority Inc. (“FINRA”), on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.⁴¹ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange has entered into a CSSA with ICE Endex. Pursuant to the CSSA, the Exchange will communicate as needed regarding trading in the Shares and Daily EUA Futures with ICE Endex, and the Exchange may obtain trading information regarding trading in the Shares and Daily EUA Futures from ICE Endex.

The Exchange represents that all EUAs held by the Trust will be held and maintained in the Union Registry and that the Trust will not invest in futures, options, options on futures, or swap contracts. It is possible that EUAs and Daily EUA Futures may become listed on other exchanges that are members of ISG⁴² or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Additionally, the Exchange is able to obtain information regarding trading in the Shares in connection with ETP Holders’ proprietary or customer trades which they effect through ETP Holders on any relevant market. Additionally,

under NYSE Arca Rule 8.201–E(g), an ETP Holder acting as a registered Market Maker in the Shares is required to provide the Exchange with information relating to its accounts for trading in any underlying commodity, related futures or options on futures, or any other related derivatives. Commentary .04 of NYSE Arca Rule 11.3–E requires an ETP Holder acting as a registered Market Maker, and its affiliates, in the Shares to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments (including the Shares). As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder. To the extent the Exchange may be found to lack jurisdiction over a subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts and that subsidiary or affiliate is a member of another regulatory organization, the Exchange could obtain information regarding the activities of such subsidiary or affiliate through a surveillance sharing agreement with that regulatory organization.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

All statements and representations made in this filing regarding (a) the description of the portfolio or reference assets, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.

The Trust has represented to the Exchange that it will advise the Exchange of any failure by the Trust to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Trust is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5–E(m).

³⁹ With respect to the application of Rule 10A–3 (17 CFR 240.10A–3) under the Act, the Trust relies on the exemption contained in Rule 10A–3(c)(7).

⁴⁰ See NYSE Arca Rule 7.12–E.

⁴¹ FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

⁴² For a list of the current members of ISG, see www.isgportal.org.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (including noting that Shares are not individually redeemable); (2) NYSE Arca Rule 9.2–E(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) how information regarding the IFV is disseminated; (4) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (5) the possibility that trading spreads and the premium or discount on the Shares may widen as a result of reduced liquidity of EUAs during the Core and Late Trading Sessions; and (6) trading information. For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Shares directly from the Trust will receive a prospectus. ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.

In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses as will be described in the Registration Statement. The Information Bulletin will also reference the fact that last sale information regarding EUAs is subject to regulation by EEX and ICE Endex, that the Commission and the CFTC do not have jurisdiction over the trading of EUAs as a commodity, and that jurisdiction over the trading of EUAs is held by the relevant competent authority of the individual EU member states in which the trading takes place, namely the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany and the Autoriteit Financiële Markten (AFM) in the Netherlands.⁴³ The Information Bulletin will also discuss any relief, if granted,

by the Commission or the staff from any rules under the Act.

The Information Bulletin will also disclose the trading hours of the Shares and that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day. The Information Bulletin will disclose that information about the Shares will be publicly available on the Trust's website.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)⁴⁴ that an exchange have rules that are 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, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.201–E. Further, the Exchange has demonstrated that the proposed rule change satisfies Section 6(b)(5) of the Act by showing that the ICE Endex is a regulated market of significant size that shares surveillance with the Exchange. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information regarding trading in the Shares and Daily EUA Futures from ICE Endex with which the Exchange has entered into a CSSA. Also, pursuant to NYSE Arca Rule 8.201–E(g), the Exchange is able to obtain information regarding trading in the Shares and the underlying commodity through ETP Holders acting as registered Market Makers, in connection with such ETP Holders' proprietary trades which they effect on any relevant market. The Exchange represents that all EUAs held by the Trust will be held and maintained in the Union Registry and that the Trust will not invest in futures, options, options on futures, or swap contracts. The Exchange further represents that ICE Endex is the principal market for EUAs in which the Trust may invest, and that the Exchange can monitor those EUAs through its CSSA with ICE Endex.⁴⁵

⁴⁴ 15 U.S.C. 78f(b)(5).

⁴⁵ See the discussion in the "Surveillance" section, *supra*.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that there is a considerable amount of information on EUAs and Daily EUA Futures available on public websites and through professional and subscription services. The trading prices for EUAs will be disseminated by on-line subscription services or by one or more major market data vendors during the NYSE Arca Core Trading Session. EEX also provides on its website, on a daily basis, transaction volumes and transaction prices for the EUA spot market. Additionally, ICE Endex provides on its website, on a daily basis, transaction volumes, transaction prices, daily settlement prices and historical settlement prices for Daily EUA Futures that were traded outside of block trades by EUA futures brokers. In addition, transaction volumes, transaction prices, daily settlement prices and historical settlement prices for Daily EUA Futures traded in block trades by futures brokers are available on a daily basis through a subscription service to ICE Endex. ICE Endex also provides the daily settlement price change of the Daily EUA Future on its website.

In addition, the Trust's website (www.cotwoadvisors.com) will provide pricing information for EUAs and the Shares. Market prices for the Shares will be available from a variety of sources including brokerage firms, information websites and other information service providers. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association. The NAV of the Trust will be published on each day that the NYSE Arca is open for regular trading and will be posted on the Trust's website. The IFV relating to the Shares will be widely disseminated by one or more major market data vendors at least once every 15 seconds as required by NYSE Arca Rule 8.201–E(e)(2)(v). The Trust's website will also provide its prospectus and other relevant quantitative information regarding the Shares. The Trust will also provide website disclosure of its EUA holdings before 9:30 a.m. E.T. on each trading day. In addition, information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.

⁴³ Article 22 of Regulation (EU) No. 596/2014 on market abuse (market abuse regulation) ("MAR") requires each EU member state to designate a single administrative competent authority to ensure that the provisions of MAR are applied on its territory. Commission Regulation 596/2014, 2014 O.J. (L 173) 42. For a list of the competent authorities for each EU Member State. See <https://www.esma.europa.eu/sites/default/files/mar.pdf>.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information regarding trading in the Shares, EUAs and Daily EUA Futures from ICE Endex pursuant to the CSSA between the Exchange and ICE Endex. In addition, as noted above, investors will have ready access to information regarding the Trust's NAV, IFV, and quotation and last sale information for the Shares.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed rule change will enhance competition by accommodating Exchange trading of an additional exchange-traded product, and the first such product relating to physical carbon credits, which will enhance competition among market participants, to the benefit of investors and the marketplace.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing,

including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSEARCA-2024-70 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSEARCA-2024-70. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSEARCA-2024-70 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-19879 Filed 9-4-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-541, OMB Control No. 3235-0620]

Submission for OMB Review; Comment Request; Extension: Rule 22c-2

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 22c-2 (17 CFR 270.22c-2) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act" or "Act") requires the board of directors (including a majority of independent directors) of most registered open-end investment companies ("funds") to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Rule 22c-2 also requires a fund to enter into written agreements with their financial intermediaries (such as broker-dealers and retirement plan administrators) under which the fund, upon request, can obtain certain shareholder identity and trading information from the intermediaries. The written agreement must also allow the fund to direct the intermediary to prohibit further purchases or exchanges by specific shareholders that the fund has identified as being engaged in transactions that violate the fund's market timing policies. These requirements enable funds to obtain the information that they need to monitor the frequency of short-term trading in omnibus accounts and enforce their market timing policies.

The rule includes three "collections of information" within the meaning of the Paperwork Reduction Act of 1995

⁴⁶ 17 CFR 200.30-3(a)(12).

(“PRA”).¹ First, the rule requires boards to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Second, funds must enter into information sharing agreements with all of their “financial intermediaries”² and maintain a copy of the written information sharing agreement with each intermediary in an easily accessible place for six years. Third, pursuant to the information sharing agreements, funds must have systems that enable them to request frequent trading information upon demand from their intermediaries, and to enforce any restrictions on trading required by funds under the rule.

The collections of information created by rule 22c–2 are necessary for funds to effectively assess redemption fees, enforce their policies in frequent trading, and monitor short-term trading, including market timing, in omnibus accounts. These collections of information are mandatory for funds that redeem shares within seven days of purchase. The collections of information also are necessary to allow Commission staff to fulfill its examination and oversight responsibilities.

Rule 22c–2(a)(1) requires the board of directors of all registered open-end management investment companies and series thereof (except for money market funds, ETFs, or funds that affirmatively permit short-term trading of its securities) to approve a redemption fee for the fund, or instead make a determination that a redemption fee is either not necessary or appropriate for the fund. Commission staff understands that the boards of all funds currently in operation have undertaken this process for the funds they currently oversee, and the rule does not require boards to review this determination periodically once it has been made. Accordingly, we expect that only boards of newly registered funds or newly created series thereof would undertake this

determination. Commission staff estimates that 3 funds (excluding money market funds and ETFs) are newly formed each year and would need to make this determination.³

Commission staff estimates that it takes 2 hours of the board’s time as a whole (at a rate of \$4,770 per hour) to approve a redemption fee or make the required determination on behalf of all series of the fund. In addition, Commission staff estimates that it takes compliance personnel of the fund 8 hours (at a rate of \$84 per hour) to prepare trading, compliance, and other information regarding the fund’s operations to enable the board to make its determination and takes an internal compliance attorney of the fund 3 hours (at a rate of \$440 per hour) to review this information and present its recommendations to the board. Therefore, for each fund board that undertakes this determination process, Commission staff estimates it expends 13 hours⁴ at a cost of \$11,532.⁵ As a result, Commission staff estimates that the total time spent for all funds on this process is 416 hours at a cost of \$369,024.⁶

Rule 22c–2(a)(2) requires a fund to enter into information-sharing agreements with each of its financial intermediaries. Commission staff understands that all currently registered funds have already entered into such agreements with their intermediaries. Funds enter into new relationships with intermediaries from time to time, however, which requires them to enter into new information sharing agreements. Commission staff understands that, in general, funds enter into information-sharing agreement

when they initially establish a relationship with an intermediary, which is typically executed as an addendum to the distribution agreement. The Commission staff understands that most shareholder information agreements are entered into by the fund group (a group of funds with a common investment adviser), and estimates that there are currently 797 currently active fund groups.⁷ Commission staff estimates that, on average, each active fund group enters into relationships with 3 new intermediaries each year. Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and modifies that agreement according to the requirements of each intermediary. Commission staff estimates that negotiating the terms and entering into an information sharing agreement takes a total of 4 hours of attorney time (at a rate of \$500 per hour) per intermediary. Accordingly, Commission staff estimates that it takes 12 hours at a cost of \$6,000 annually for each fund group⁸ to enter into new information sharing agreements and, in the aggregate existing market participants incur a total of 9,564 hours at a cost of \$4,782,000.⁹

In addition, newly created funds advised by new entrants (effectively new fund groups) must enter into information sharing agreements with all of their financial intermediaries. Commission staff estimates that there are 38 new fund groups that form each year that will have to enter into information sharing agreements with each of their intermediaries.¹⁰ Commission staff estimates that fund groups formed by new advisers typically have relationships with significantly fewer intermediaries than existing fund groups, and estimates that new fund groups will typically enter into 100 information sharing agreements with their intermediaries when they begin operations.¹¹ As discussed previously, Commission staff estimates that it takes 4 hours of attorney time (at a rate of

³ This estimate is based on the average number of registrants filing initial Form N–1A or N–3 from 2020 to 2022; this estimate does not carve out money market funds, ETFs, or funds that affirmatively permit short-term trading of their securities, so this estimate corresponds to the outer limit of the number of registrants that would have to make this determination.

⁴ This calculation is based on the following estimates: 2 hours of board time + 3 hours of internal compliance attorney time + 8 hours of compliance clerk time = 13 hours.

⁵ This calculation is based on the following estimates: (\$4,770 board time × 2 hours) + (\$84 compliance time × 8 hours) + (\$440 attorney time × 3 hours) = \$11,532.

The hourly wages used are from SIFMA’s Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1,800 hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead; the staff has estimated the average cost of board of director time as \$4,770 per hour for the board as a whole, based on information received from funds and their counsel.

⁶ This calculation is based on the following estimates: 13 hours × 32 funds = 416 hours; \$11,532 × 32 funds = \$369,024.

⁷ ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

⁸ This estimate is based on the following calculations: 4 hours × 3 new intermediaries = 12 hours; 12 hours × \$500 = \$6,000.

⁹ This estimate is based on the following calculations: (12 hours × 797 fund groups = 9,564 hours); 9,564 hours × \$500 = \$4,782,000.

¹⁰ ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

¹¹ Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and then modifies that agreement according to the requirements of each intermediary.

¹ 44 U.S.C. 3501–3520.

² The rule defines a Financial Intermediary as: (i) Any broker, dealer, bank, or other person that holds securities issued by the fund in nominee name; (ii) a unit investment trust or fund that invests in the fund in reliance on section 12(d)(1)(E) of the Act; and (iii) in the case of a participant directed employee benefit plan that owns the securities issued by the fund, a retirement plan’s administrator under section 316(A) of the Employee Retirement Security Act of 1974 (29 U.S.C. 1002(16)(A) or any person that maintains the plans’ participant records; Financial Intermediary does not include any person that the fund treats as an individual investor with respect to the fund’s policies established for the purpose of eliminating or reducing any dilution of the value of the outstanding securities issued by the fund; Rule 22c–2(c)(1).

\$500 per hour) per intermediary to enter into information sharing agreements. Therefore, Commission staff estimates that each newly formed fund group will incur 400 hours of attorney time at a cost of \$200,000¹² and that all newly formed fund groups will incur a total of 15,200 hours at a cost of \$7,600,000 to enter into information sharing agreements with their intermediaries.¹³

Rule 22c-2(a)(3) requires funds to maintain records of all information-sharing agreements for 6 years in an easily accessible place. Commission staff understands that most shareholder information agreements are stored at the fund group level and estimates that there are currently approximately 797 fund groups.¹⁴ Commission staff understands that information-sharing agreements are generally included as addendums to distribution agreements between funds and their intermediaries, and that these agreements would be stored as required by the rule as a matter of ordinary business practice. Therefore, Commission staff estimates that maintaining records of information-sharing agreements requires 10 minutes of time spent by a general clerk (at a rate of \$75 per hour) per fund, each year. Accordingly, Commission staff estimates that all funds will incur 133 hours at a cost of \$9,975¹⁵ in complying with the recordkeeping requirement of rule 22c-2(a)(3). Therefore, Commission staff estimates that to comply with the information sharing agreement requirements of rule 22c-2(a)(2) and (3), it requires a total of 24,897 hours at a cost of \$12,391,975.¹⁶

The Commission staff estimates that on average, each fund group requests shareholder information once a week, and gives instructions regarding the restriction of shareholder trades every day, for a total of 417 responses related to information sharing systems per fund group each year, and a total 331,552 responses for all fund groups annually.¹⁷ In addition, as described

above, the staff estimates that funds make 32 responses related to board determinations, 2,391 responses related to new intermediaries of existing fund groups, 3,800 responses related to new fund group information sharing agreements, and 797 responses related to recordkeeping, for a total of 7,020 responses related to the other requirements of rule 22c-2. Therefore, the Commission staff estimates that the total number of responses is 338,572 (331,552 + 7,020 = 338,572). The Commission staff estimates that the total hour burden for rule 22c-2 is 25,313 hours at a cost of \$12,392,344.¹⁸

Responses provided to the Commission will be accorded the same level of confidentiality accorded to other responses provided to the Commission in the context of its examination and oversight program. Responses provided in the context of the Commission's examination and oversight program are generally kept confidential. Complying with the information collections of rule 22c-2 is mandatory for funds that redeem their shares within 7 days of purchase. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by October 7, 2024 to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Oluwaseun Ajayi, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 30, 2024.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19902 Filed 9-4-24; 8:45 am]

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¹⁸ This estimate is based on the following calculations: 416 hours (board determination) + 24,897 hours (information sharing agreements) = 25,313 total hours; \$369,024 (board determination) + \$12,391,975 (information sharing agreements) = \$12,392,344.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100880; File No. SR-CBOE-2024-008]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Adopt a New Rule Regarding Order and Execution Management Systems

August 30, 2024.

On February 13, 2024, Cboe Exchange, Inc. (the "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposal to adopt a new rule regarding order and execution management systems. The proposed rule change was published for comment in the **Federal Register** on March 5, 2024.³ The Commission has received comment letters regarding the proposed rule change.⁴

On April 16, 2024, pursuant to Section 19(b)(2) of the Act,⁵ 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 approve or disapprove the proposed rule change.⁶ On May 31, 2024, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposed rule change.⁸

Section 19(b)(2) of the Act⁹ provides that, after initiating proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 99620 (February 28, 2024), 89 FR 15907 ("Notice").

⁴ The public comment file for SR-CBOE-2024-008 is available on the Commission's website at <https://www.sec.gov/comments/sr-cboe-2024-008/sr-cboe2024008.htm>.

⁵ 15 U.S.C. 78s(b)(2).

⁶ See Securities Exchange Act Release No. 99963 (April 16, 2024), 89 FR 29389 (April 22, 2024).

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Securities Exchange Act Release No. 100056 (May 31, 2024), 89 FR 48463 (June 6, 2024).

⁹ 15 U.S.C. 78s(b)(2).

¹² This estimate is based on the following calculations: 4 hours × 100 intermediaries = 400 hours; 400 hours × \$500 = \$200,000.

¹³ This estimate is based on the following calculations: (38 fund groups × 400 hours = 15,200 hours) (\$500 × 15,200 = 7,600,000).

¹⁴ ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

¹⁵ This estimate is based on the following calculations: (10 minutes × 797 fund groups = 7,970 minutes); (7,970 minutes/60 = 133 hours); (133 hours × \$75 = \$9,975).

¹⁶ This estimate is based on the following calculations: (9,564 hours + 15,200 hours + 133 hours = 24,897 hours); (\$4,782,000 + \$7,600,000 + \$9,975 = \$12,391,975).

¹⁷ This estimate is based on the following calculations: (52 + 365 = 417); (417 × 797 fund groups = 331,552).

publishes the reasons for such determination. The proposed rule change was published for comment in the **Federal Register** on March 5, 2024.¹⁰ The 180th day after publication of the proposed rule change is September 1, 2024. The Commission is extending the time period for approving or disapproving the proposed rule change for an additional 60 days.

The Commission finds that it is appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised therein. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹¹ designates October 31, 2024, as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-CBOE-2024-008).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19950 Filed 9-4-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100876; File No. SR-ICC-2024-009]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change, as Modified by Partial Amendment No. 1, Relating to the Clearing Rules, Risk Management Framework, Governance Playbook and Sixth Amended and Restated Operating Agreement

August 29, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 19, 2024, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been primarily prepared by ICC. On August 27, 2024, ICC filed Partial Amendment No. 1 to the proposed rule change.³ The Commission is publishing

this notice to solicit comments on the proposed rule change, as modified by Partial Amendment No. 1 (hereafter, “proposed rule change”) from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise its (i) Clearing Rules (the “Rules”), (ii) Risk Management Framework (the “Framework”), (iii) Governance Playbook (the “Playbook”), and (iv) Sixth Amended and Restated Operating Agreement (the “Operating Agreement”).

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change, security-based swap submission, or advance notice and discussed any comments it received on the proposed rule change, security-based swap submission, or advance notice. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The amendments are intended principally to provide for (i) the elimination of the Risk Management Subcommittee, (ii) the establishment of a Risk Advisory Working Group and (iii) expansion of the Risk Committee to include representatives of Non-Participant Parties and clarification of certain other arrangements relating to the operation of the Risk Committee, among other clarifications, as discussed herein. ICC believes that such revisions will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. ICC proposes to make such changes effective following Commission approval of the proposed rule change. The proposed revisions are described in detail as follows.

I. Rules

ICC proposes to eliminate its Risk Management Subcommittee, which is currently tasked under the Rules with consulting with the Board and the Risk Committee as to eligible products,

standards for ICC Clearing Participants (“Participants” or “CPs”) and approvals or denials of Participant applications. ICC believes the subcommittee is unnecessary and the relevant consultative and advisory functions can be performed (and in fact are typically performed as a matter of current practice) by the Risk Committee itself. In addition, the newly established Risk Advisory Working Group will support those consultative and advisory functions. Accordingly, ICC is amending the Rules to remove references to the Risk Management Subcommittee throughout the Rules, including the deletion of Rule 510 (which set out the responsibilities of the Risk Management Subcommittee) and Rule 511 (which addresses the membership of Risk Management Subcommittee), among others.

Rules 201 and 202 (which cover Qualifications and Applications of Participants) would be amended to remove references to the Risk Management Subcommittee. In addition, Rule 201 would be amended to add references to the Risk Committee’s consultation rights over any proposed amendment to the qualifications for Participants as well as with respect to satisfying or ceasing to satisfy ICC’s internal credit criteria, to reflect current practices. Furthermore, Rule 202 would be amended to add a reference to the Risk Committee’s consultation rights over approvals or denials of Participant applications to reflect current practices.

Rule 509 (which currently provides for the establishment of the Risk Management Subcommittee) would be amended to provide for the establishment of the new Risk Advisory Working Group, as a forum to seek risk-based input from a broad array of market participants regarding all matters that could materially affect the risk profile of ICE Clear Credit, consistent with the requirements of Commodity Futures Trading Commission (“CFTC”) regulations.⁴ The amendment would clarify that the role of the working group is advisory, such that neither the Board nor the Risk Committee is required to accept or act upon any proposal of the working group. The members of the Risk Advisory Working Group would include a minimum of two representatives of Participants and a minimum of two representatives of Non-Participant Parties. While Rule 509 would provide for a minimum number of Participant and Non-Participant Party members on the Risk Advisory Working Group, Rule 509 provides the flexibility for more

¹⁰ See *supra* note 3.

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Partial Amendment No. 1 amends the Exhibit 5A to correct a typographical error.

⁴ See 17 CFR 39.24(b)(12).

than the minimum number of Participants and Non-Participant Parties to participate on the Risk Advisory Working Group, subject to interest and availability of such representatives. The amendments would remove a reference to reporting requirements to the CFTC and SEC, which are inapplicable in the context of the Risk Advisory Working Group.

The limitations on liability provided by Rule 512 (which currently apply to the Risk Management Subcommittee) would be revised to apply to the Risk Advisory Working Group and its members. Rule 512 would also provide that the Risk Advisory Working Group would meet when necessary or desirable, but at least twice per year, and that the working group would provide the Risk Committee with a summary of the topics discussed and main points raised at each meeting, as required by CFTC regulations.⁵

Consistent with the requirements of CFTC regulations,⁶ ICC would also modify its existing Risk Committee to include representatives of Non-Participant Parties, as discussed below. The amendments would also revise the role of the Risk Committee in Rule 501 to provide generally that the Board would consult with the Risk Committee on any matters that may materially affect the risk profile of ICC (in addition to the specified actions set forth in Rule 502), and to state explicitly that the Board would consider and respond to the proposals, recommendations and other input provided by the Risk Committee. In addition, Rule 502 would be amended to clarify that the specific actions subject to Risk Committee consultation specified therein are not intended to limit the general provisions of Rule 501. Furthermore, Rule 502 would be amended to delete a cross reference to Rule 510 (which sets out the responsibilities of the Risk Management Subcommittee) which is being deleted as discussed herein. With the proposed deletion to the cross reference to Rule 510, Rule 502 would be further amended to directly reference the current consultation rights of the Risk Committee over: (i) any proposed amendments to the qualifications for Participants and (ii) approvals or denials of Participant applications.

The amendments would make certain changes to the composition of the Risk Committee in Rule 503(a). The size of the Risk Committee would be increased to fourteen instead of twelve members. The two additional members of the Risk Committee would be representatives of

Non-Participant Parties. The amendments set out the process for selection of these representatives. The two Non-Participant Parties would be selected by a majority vote of the other Risk Committee Members (*i.e.*, the Participant Appointees and the three members appointed by ICC). The Non-Participant Parties must be active in clearing transactions at ICE Clear Credit. The selected Non-Participant Party would select an individual to serve as its Non-Participant Appointee. This person must have risk management experience and expertise and would be subject to both the Risk Committee's and Board's approval, neither which would be unreasonably withheld, conditioned, or delayed. This person would also only be eligible if they are an employee of the Non-Participant Party or an Affiliate thereof. The Non-Participant Appointee may be removed at any time without cause by the Non-Participant Party that appointed the individual. If a vacancy were to occur in the position, the Non-Participant Party may appoint another individual in accordance with Rule 503. In addition, under new Rule 503(c), a Non-Participant Party appointing a Non-Participant Appointee to the Risk Committee would have to execute a confidentiality agreement and would have to cause the Non-Participant Appointee to execute an acknowledgment of their confidentiality obligations in a form reasonably prescribed by ICC.

Under Rule 505 as amended, a majority of the Risk Committee would constitute a quorum. The amendments would delete an additional requirement in the existing Rule that at least half of the Participant Appointees must be present. ICC believes this requirement is unnecessary in light of the revised size and composition of the Risk Committee. ICC believes that a majority quorum requirement is a well-established and standard business practice and strikes the right balance to ensure a material number of Risk Committee members are present at Risk Committee meetings without being overly burdensome. Furthermore, ICC believes that any additional quorum requirements that would apply either to the Participant Appointees or the Non-Participant Appointees are not necessary or appropriate and may impede the ability of the Risk Committee to achieve a quorum, as attendance by Risk Committee members is largely outside of ICC's control. The inability to achieve a quorum at Risk Committee meetings (particularly if that occurs regularly) could be detrimental to ICC's ability to

conduct its business given its requirement to consult with the Risk Committee prior to taking the Specified Actions listed in Rule 502. Rule 506, which provides for the elimination of certain fiduciary duties for Risk Committee members and appointing parties, would be revised to reflect that the appointment of members by Non-Participant Parties. The amendments would make certain other clarifications in Rule 507 relating to participation in meetings by audio or video conference to more specifically provide examples of communications equipment used for Risk Committee meetings.

In light of the expansion of the requirement to consult with the Risk Committee as described above, the amendments would clarify the consultation process in Rule 601 in the event of an emergency. Specifically, the amendments would reflect that for matters otherwise subject to Risk Committee consultation (in addition to Specified Actions), there would be no obligation to do so where the Board or Eligible Officer determines that the delay caused by consultation would create significant risks to the clearing system and Participants generally, consistent with the existing standard under Rule 601, subject to the requirement to consult as promptly as practicable after taking the relevant action.

Moreover, the amendments would revise Rule 703 to provide that the Business Conduct Committee would hear any matter referred to it by the Review Subcommittee⁷ (rather than the Risk Management Subcommittee). This change corrects an erroneous reference in the current Rule to the Risk Management Subcommittee. The amendments would also make conforming changes to the form of Confidentiality Agreement for Risk Committee participants to specify Market Participant instead of Clearing House member (to reflect that the Risk Committee would include Non-Participant Appointees).

Finally, the amendments would make drafting corrections and clarifications to account for the other changes being made. These would include the deletion of definitions relevant to the Risk Management Subcommittee (*i.e.*, Independent ICE Subcommittee Managers, Risk Management Subcommittee, and Subcommittee

⁷ Under existing Rule 703(c), the Review Subcommittee is a three-person subcommittee of the Business Conduct Committee that is empaneled from time-to-time by the Business Conduct Committee, as necessary, to receive and review investigation reports of possible ICC Rule violations.

⁵ See 17 CFR 39.24(b)(12).

⁶ See 17 CFR 39.24(b)(11).

Specified Action) as these definitions are no longer necessary or relevant with the elimination of the Risk Management Subcommittee. In addition, the amendments add the definition of Non-Participant Appointees to reflect the new category of Risk Committee members as discussed above, and also adds the definition of Risk Advisory Working Group to define the new Risk Advisory Working Group.

II. Risk Management Framework

ICC would amend the Framework to reflect the changes being made to the Rules as described above. References to the Risk Management Subcommittee would be deleted and references to the new Risk Advisory Working Group would be added where relevant. As a result, the chart illustrating the governance structure of ICE Clear Credit would be replaced to show the elimination of the Risk Management Subcommittee and the addition of the Risk Advisory Working Group. The amendments would also remove references to an Advisory Committee, which is a committee of Non-Participant Party representatives that would no longer be maintained in light of the changes to the Risk Committee composition discussed above. The Advisory Committee is effectively a dormant committee in that it met only on an as-needed basis and has not met for a number of years. While the primary role of the Advisory Committee was to act as a forum to solicit input from Non-Participant Parties, the Advisory Committee has proven ineffective in achieving its primary role. As a result, ICC believe that it appropriate to discontinue the Advisory Committee. ICC believes the proposed roles for Non-Participant Parties on the Risk Committee and the Risk Advisory Working Group will provide a greater opportunity for meaningful participation by Non-Participant Parties in ICC's governance process than was afforded by the Advisory Committee in practice (even though it may have had more members and even though the Risk Advisory Working Group does not directly consult with the Board).

The subsection on Risk would be updated to reflect the role of the Risk Advisory Working Group, to provide risk-based feedback to ICC on all matters that could materially affect the risk profile of ICC as discussed above. The amendments would also add a revision history section to the Framework (as Section VII) to document revisions made to the Framework on a going forward basis. As a result of the addition of the new section, Section VII.

Appendices would be re-numbered as Section VIII.

III. Governance Playbook

ICE Clear Credit would also amend the Playbook to conform to the amendments to the Rules and Framework discussed above. References to the Risk Management Subcommittee and Advisory Committee would be deleted throughout the Playbook, and references to the Risk Advisory Working Group would be added where relevant. The description of the Steering Committee, which oversees the implementation of all credit default swap ("CDS") product launches and initiatives, would be revised to remove references to ICE Clear Europe ("ICEU") as ICEU discontinued its CDS clearing offering in late 2023 and therefore no longer participates in the Steering Committee. References to the FCM Executive Council would also be removed, as that council would no longer be maintained. The FCM Executive Council is an obsolete committee in that its primary purpose was to provide Participants a forum to provide feedback to ICC as it proposed Rules, policies and procedures related to the addition of customer clearing to ICC's clearing offering. As customer clearing is now an established and mature business at ICC, the primary purpose of the committee has been achieved and therefore the FCM Executive Council has not met in a number of years. As a result, ICC believes it is appropriate to discontinue maintaining the FCM Executive Council.

The amendments would also delete a requirement that the election of ICC Board members would follow no less than 5 business days after the Risk Committee Reconstitution Date. The elections would still occur after the Risk Committee Reconstitution Date but there would not be a specific timeframe in order to give sufficient time to on-board new Risk Committee members following the Risk Committee Reconstitution Date, and to allow the Risk Committee sufficient time to consider and nominate Risk Committee Board Appointees.

Conforming changes would also be made to the description and composition of the Risk Committee consistent with the amendments to the Rules discussed above (including the deletion of all previous language referring to and describing the Risk Management Subcommittee). Specifically, the amendments would add that the Risk Committee would include representatives of customers of ICC CPs and that the Board is required

to consult with the Risk Committee with respect to matters that could materially affect the risk profile of ICC. The amendments would state that the Risk Committee would consist of fourteen rather than twelve members and that two of the members would be representatives of customers of CPs and address the procedures for selecting the two representatives of customers of CP members under the Rules. The amendments would also add a reference to Chapter 5 of the Rules, which is the chapter describing the Risk Committee. In addition, the amendments would change the reference to the Chairman of the Risk Committee to the Chairperson to be more gender inclusive.

The amendments would add a description of the Risk Advisory Working Group, including its purposes and membership, consistent with the amendments to the Rules discussed above. The amendments provide that the ICC Chief Risk Officer would serve as Chairperson of the Risk Advisory Working Group. Moreover, a minimum of two members would be representatives of CPs and a minimum of two representatives would be customer of CPs. Members of the Risk Advisory Working Group would be appointed by the ICC President, subject to the approval by the Risk Committee. The amendments would also specify that the Risk Advisory Working Group would meet on as-needed basis to consult all matters that could affect ICC's risk profile but would meet at least two times per year. The amendments would also make clear that the relevant documents to be maintained for the Risk Advisory Working Group include meeting materials and summary of the main points and topics discussed during the meeting. Furthermore, administrative procedures referring to the use of the Diligent account for distributing information to Risk Management Subcommittee Members would be removed, as this procedure would not be needed for Risk Advisory Working Group members as the Diligent information distribution system will not be used for the Risk Advisory Working Group. Certain reference to ICC websites would also be updated.

VI. Operating Agreement

ICC would amend and restate its Operating Agreement (the Sixth Amended and Restated Operating Agreement would now be the Seventh Amended and Restated Operating Agreement) to conform to the amendments to the Rules, Framework and Playbook as detailed above. The amendments would delete any reference

to the Advisory Committee, including Section 3.12 in its entirety (which describes the establishment and composition of the Advisory Committee), as the Advisory Committee is dormant. The Advisory Committee's former function of soliciting feedback from Non-Participant Parties will now be accomplished by the expansion of the Risk Committee to include representatives of Non-Participant Parties and the creation of the Risk Advisory Working Group (whose members will represent both Participants and Non-Participant Parties), as discussed above. Given the proposed addition of two Non-Participant Party representatives on the Risk Committee, and a minimum of two Non-Participant Party representatives on the Risk Advisory Working Group, ICC believes the proposed revisions will increase the opportunities for Non-Participant Parties to participate in ICC's formal governance structure as compared to the dormant Advisory Committee (even though the Advisory Committee may have included more members and even though the Risk Advisory Working Group does not directly consult with the Board). Furthermore, the defined "Buy-Side Firms" will also be removed as this was only relevant to Section 3.12.

(b) Statutory Basis

ICE Clear Credit believes that the proposed amendments to the Rules are consistent with the requirements of Section 17A of the Securities Exchange Act of 1934 (the "Act")⁸ and the regulations thereunder applicable to it. In particular, Section 17A(b)(3)(F) of the Act⁹ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible, and the protection of investors and the public interest.

The proposed amendments are designed to reflect the expansion of the Risk Committee to include representatives of Non-Participant Parties, and the establishment of the newly formed Risk Advisory Working Group, consistent with requirements under CFTC regulations. The amendments would also provide for the elimination of the Risk Management Subcommittee, which ICC believes is

unnecessary as the relevant responsibilities can and should be performed by the Risk Committee. In ICC's view, the amendments will facilitate the ability of ICC to consult with relevant stakeholders and interested parties with respect to matters affecting the risk profile of the clearing house. Thus, the proposed amendments enhance the overall risk management of ICE Clear Credit and are consistent with the prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions, the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible, and the protection of investors and the public interest in the operation of clearing services, within the meaning of Section 17A(b)(3)(F) of the Act.¹⁰

The proposed amendments are also consistent with relevant provisions of Rule 17ad-22. Rule 17ad-22(e)(3)(i)¹¹ provides that the "covered clearing agency shall establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable [. . .] [m]aintain a sound risk management framework that" among other matters identifies, measures, monitors and manages the range of risks that it faces. The amendments ensure that ICC Board continues to receive and consider feedback from the Risk Committee that may materially affect ICC's risk profile and expands the Risk Committee to include participation by Non-Participant Appointees to provide additional perspectives from stakeholders on such matters. The amendments would also reflect the creation of the Risk Advisory Working Group, including the selection process and governance procedures of the group to ensure that it functions effectively. The Risk Advisory Working Group is intended to provide advice to ICC with respect to matters that could materially affect its risk profile. The amendments would thus strengthen and enhance ICC's risk management more generally. In ICE Clear Credit's view, the amendments are therefore consistent with the requirements of Rule 17ad-22(e)(3)(i).¹²

Rule 17ad-22(e)(2) provides that the "covered clearing agency shall establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable [. . .] [p]rovide for governance arrangements that are [c]lear and

transparent"¹³ and "[c]onsider the interests of participants' customers . . . and other relevant stakeholders of the covered clearing agency".¹⁴ The proposed amendments are intended to enhance the Risk Committee structure to provide for feedback on topics affecting risk management generally and to expand the committee composition to include representatives of Non-Participant Parties, to better facilitate consideration of the interests of participants' customers. The amendments also establish the Risk Advisory Working Group to provide for further consultation with interested stakeholders on risk matters. The amendments also clarify the responsibilities of the Board with respect to consultation with the Risk Committee and Risk Advisory Working Group with respect to risk matters. In ICE Clear Credit's view, the amendments to the Rules are therefore consistent with the requirements of Rule 17ad-22(e)(2).¹⁵

(B) Clearing Agency's Statement on Burden on Competition

ICE Clear Credit does not believe the proposed amendments would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of the Act. The amendments are being adopted to clarify certain matters relating to the operation of its Risk Committee and related risk advisory arrangements. The amendments do not otherwise change the rights and responsibilities of ICC or its Participants. Accordingly, ICE Clear Credit does not believe the amendments would affect the costs of clearing, the ability of market participants to access clearing, or the market for clearing services generally. Therefore, ICE Clear Credit does not believe the proposed rule change imposes any burden on competition that is inappropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

⁸ 15 U.S.C. 78q-1.

⁹ 15 U.S.C. 78q-1(b)(3)(F).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 17 CFR 240.17ad-22(e)(3)(i).

¹² 17 CFR 240.17ad-22(e)(3)(i).

¹³ 17 CFR 240.17ad-22(e)(2)(i).

¹⁴ 17 CFR 240.17ad-22(e)(2)(vi).

¹⁵ 17 CFR 240.17 Ad-22(e)(2).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, security-based swap submission, or advance notice is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ICC-2024-009 on the subject line.

Paper Comments

Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-ICC-2024-009. 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 (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change, security-based swap submission, or advance notice that are filed with the Commission, and all written communications relating to the proposed rule change, security-based swap submission, or 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 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's website at <https://www.ice.com/clear-credit/regulation>.

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-ICC-2024-009 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-19878 Filed 9-4-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100882; File No. SR-BOX-2024-19]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule Relating to BOX Connectivity Fees and Port Fees for Trading on the BOX Options Market LLC Facility

August 30, 2024.

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 August 16, 2024, BOX Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Fee Schedule to amend the Fee Schedule relating to BOX Connectivity Fees and Port Fees on the BOX Options Market LLC ("BOX") options facility. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at <https://rules.boxexchange.com/rulefilings>.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the 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 for trading on BOX to increase BOX Connectivity Fees for 10 gigabit ("Gb") Connections, Non-10 Gb Connections, Financial Information Exchange ("FIX") Ports, SOLA® Access Information Language ("SAIL") Ports, Drop Copy Ports, and High Speed Vendor Feed ("HSVF") Ports (collectively "Connectivity and Ports").⁵ Specifically, the Exchange proposes to increase its fees for Connectivity and Ports in Sections III.A.2 and III.B of the BOX Fee Schedule.

By way of background, a physical connection is utilized by a Participant or non-Participant to connect to BOX at the datacenters where BOX's servers are located. BOX currently assesses the following physical connectivity fees for

¹⁶ 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).

⁵ The Exchange initially filed the proposed pricing change on June 3, 2024 (SR-BOX-2024-13). On June 18, 2024, the Exchange withdrew that filing and submitted SR-BOX-2024-16. The instant filing replaces SR-BOX-2024-16, which was withdrawn on August 16, 2024.

Participants and non-Participants on a monthly basis: \$1,000 per connection for a Non-10 Gb Connection and \$5,000 per connection for a 10 Gb Connection. The Exchange proposes to increase the monthly fee for Non-10 Gb Connections from \$1,000 to \$1,200 per connection and from \$5,000 to \$6,000 monthly fee for each 10 Gb Connection. The Exchange notes the proposed fee change better enables BOX to continue to maintain and improve its market technology and services and also notes that the proposed fee amount, even as amended, continues to be lower than the amounts assessed by other

exchanges for similar connections, except for MEMX where their xNet Physical Connection is \$6,000 per month, the same price as proposed for BOX's 10 GB Connection.⁶ However, MEMX does not offer a less expensive alternative, while BOX will offer a Non-10 Gb Connection for \$1,200 per month.

Further, BOX currently provides four types of ports, including: (i) the FIX Port, which allows Participants to electronically send orders in all products traded on BOX; (ii) the SAIL Port, which allows Market Makers to submit electronic quotes and orders and other Participants to submit orders to

BOX; (iii) the Drop Copy Port, which provides a real-time feed containing trade execution, trade correction, trade cancellation and trade allocation for regular and complex orders on BOX for Participants; and (iv) the HSVF Port, which provides a BOX market data feed for both Participants and non-Participants. The Exchange notes that Participants must connect to a minimum of one port via FIX or SAIL and that there is no minimum or maximum number of ports required for the Drop Copy Port or the HSVF Port.

Current FIX Port fees are as follows:

FIX ports	BOX monthly port fees
1st FIX Port	\$500 per port per month.
FIX Ports 2 through 5	\$250 per port per month.
Additional FIX Ports over 5	\$150 per port per month.

Current SAIL Port fees are as follows:

SAIL ports	BOX monthly port fees
Market Making	\$1,000 per month for all Ports.
Order Entry	\$500 per month per port (1–5 Ports).
	\$150 per month for each additional Port.

The Exchange proposes to increase FIX Port fees as follows:

FIX ports	BOX monthly port fees
1st FIX Port	\$600 per port per month.
FIX Ports 2 through 5	\$300 per port per month.
Additional FIX Ports over 5	\$180 per port per month.

The Exchange proposes to increase SAIL Port fees as follows:

SAIL ports	BOX monthly port fees
Market Making	\$1,200 per month for all Ports.
Order Entry	\$600 per month per port (1–5 Ports).
	\$180 per month for each additional Port.

⁶ See Cboe EDGX Exchange, Inc. ("Cboe EDGX") Options Fee Schedule (assessing \$2,500/month for a 1Gb physical port and \$8,500/month for a 10Gb physical port). The 1Gb physical port is analogous to the Exchange's Non-10 Gb Connection and the 10Gb physical port is analogous to the Exchange's 10 Gb Connection. See also Cboe Options Fee Schedule (10 Gb Physical Port \$7,000 per month and 1 Gb Physical Port \$1,500 per month). The 1 Gb Physical Port is analogous to the Exchange's Non-10 Gb Connection and the 10 Gb Physical Port is analogous to the Exchange's 10 Gb Connection. See also Cboe BZX Exchange, Inc. ("Cboe BZX") Options Fee Schedule (10 Gb physical port \$7,500 per month and 1 Gb physical port \$2,500 per month). The 1Gb physical port is analogous to the Exchange's Non-10 Gb Connection and the 10Gb physical port is analogous to the Exchange's 10 Gb Connection. The relevant Cboe C2 Exchange, Inc.

("Cboe C2") fees are the same as Cboe BZX. See Cboe C2 Options Fee Schedule. See also Nasdaq PHLX LLC ("Nasdaq Phlx") Rules, General 8, Section 1 "Co-Location Services, Connectivity to the Exchange" (Fiber Connection to the Exchange (10Gb Ultra) \$15,825 per month and Fiber Connection to the Exchange (1Gb Ultra) \$2,638 per month) and Nasdaq BX, Inc. General 8, Section 1 (same) and Nasdaq GEMX, LLC General 8, Section 1 (same) and Nasdaq ISE, LLC General 8, Section 1 (same) and Nasdaq MRX, LLC General 8, Section 1 (same) and Nasdaq Stock Market LLC General 8, Section 1 (same). The 1Gb Ultra is analogous to the Exchange's Non-10 Gb Connection and the 10Gb Ultra is analogous to the Exchange's 10 Gb Connection. See also New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago Inc., NYSE National, Inc. Connectivity Fee Schedule (10 Gb LX LCN Circuit \$22,000 per month

and IP Network Access 1 Gb Circuit \$2,500 per month). The IP Network Access 1 Gb Circuit is analogous to the Exchange's Non-10 Gb Connection and the 10 Gb LX LCN Circuit is analogous to the Exchange's 10 Gb Connection. See also MIAX Options Fee Schedule, Section 5)a) (Primary/Secondary Facility 10 Gigabit ULL Per Connection \$13,500 per month and Primary/Secondary Facility 1 Gigabit Per Connection \$1,400 per month) and MIAX Pearl, LLC Options Fee Schedule (same) and MIAX Emerald, LLC Options Fee Schedule (same) and MIAX Sapphire, LLC Options Fee Schedule (same). The 1 Gigabit is analogous to the Exchange's Non-10 Gb Connection and the 10 Gigabit ULL is analogous to the Exchange's 10 Gb Connection. See also MEMX LLC ("MEMX") Connectivity Fee Schedule (xNet Physical Connection \$6,000 per month). The Exchange notes that MEMX only has one type of connection.

The Exchange also proposes to increase Drop Copy Ports, currently \$500 per month, to \$600 per month for each month a Participant is credentialed to use a Drop Copy Port. Drop Copy Port fees will remain capped at \$2,000 per month.

The Exchange proposes lastly to increase HSVF Port fees, currently \$1,500 per month, to \$1,800 per month for each month a Participant or non-Participant is credentialed to use the HSVF Port. The Exchange notes that the proposed fee amounts, even as amended, continue to be in line with, or lower than, amounts assessed by other exchanges for similar ports.⁷

The Exchange notes that since these fees were initiated 6 years ago,⁸ there has been notable and unanticipated inflation. Specifically, between 2018 (when the connectivity and port fees were initiated) and 2024, the Consumer

Price Index (“CPI”) produced a cumulative price increase of approximately 25%.⁹ The CPI is a measure of the total value of goods and services consumers have bought over a specified period. The Producer Price Index (“PPI”), which is a measure of inflation from the perspective of producers, produced a cumulative price increase of approximately 15%.¹⁰ Both the CPI and the PPI are considered “key data releases, meaning the monthly indicator is heavily scrutinized by traders, since they are used by the Federal Reserve to assess developments in the economy.”¹¹ Further, the Employment Cost Index (“ECI”), which measures the change in the hourly labor cost to employers over time, produced a cumulative price increase of approximately 25%.¹² Notwithstanding such significant inflation as shown by these indices, the Exchange has not increased its connectivity fees during this time.

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.¹³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁴ 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)¹⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4)¹⁶ of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Participants and other persons using its facilities.

Specifically, the current connectivity and port fees do not properly reflect the value of the services and products, as fees for the services and products in question have been static in nominal terms, and therefore falling in real terms due to inflation. Additionally, exchange fees are constrained by the fact that market participants can choose among 18 different venues for options trading, and therefore no single venue can charge excessive fees for its products without losing customers and market share. The Exchange notes that of the 18 venues, BOX currently offers the lowest fees for 10 Gb Connections and Non-10 Gb Connections, and after this fee change will be tied with one other exchange for the lowest fees for such connections.¹⁷

The Exchange believes the proposed fee change is reasonable as it reflects a moderate increase in physical connectivity and port fees for 10 Gb Connections, Non-10 Gb Connections, FIX Ports, SAIL Ports, Drop Copy Ports, and HSVF Ports. Further, the current connectivity and port fees have remained unchanged since 2018.¹⁸ The Exchange notes that since these fees were initiated 6 years ago, there has been notable inflation, regardless of which inflation index is referenced. As noted above, between 2018 and 2024, the CPI produced a cumulative price increase of approximately 25%,¹⁹ the PPI produced a cumulative price increase of approximately 15%,²⁰ and the ECI produced a cumulative price increase of approximately 25%.²¹ The Exchange again notes that CPI measures inflation as experienced by consumers, and can be used as a gauge for annual cost escalation in commercial agreements, PPI measures inflation as experienced by producers of goods and services, and ECI measures changes in the cost of employees to employers over time. BOX experiences inflation as a consumer of technology goods and services, such as servers, network

⁷ See, e.g., Cboe C2 Exchange, Inc. (“Cboe C2”) Options Fee Schedule (assessing \$650 per port per month for Logical Ports (BOE, FIX, Drop) and at least \$1,500 per month for Bulk BOE Ports). The Exchange notes that Bulk BOE Ports are analogous to the Exchange’s SAIL Ports and Logical Ports are analogous to the Exchange’s FIX Ports; Nasdaq PHLX LLC (“Nasdaq Phlx”) Rules Options 7, Section 9 (assessing \$650 per month per mnemonic for FIX Ports and \$1,250 per port, per month up to a maximum of \$42,000 per month for SQF Ports). The Exchange notes that SQF Ports are similar to SAIL Ports. Under the proposal, Market Makers on BOX will be assessed \$1,200 per month for all SAIL Ports, compared to Cboe C2 which assesses at least \$1,500 per month for each Bulk BOE Port and Nasdaq Phlx which assesses \$1,250 per port, per month up to a maximum of \$42,000 per month for SQF Ports. The Exchange notes further that HSVF Ports allow access to BOX market data and, while BOX assesses fees for HSVF Ports, it does not assess market data fees. In contrast, other exchanges assess market data fees. See, e.g., Nasdaq Phlx Options 7, Section 10 (assessing \$2,000 per month for Internal Distributors of Top of PHLX Options data); Cboe C2 Options Fee Schedule (assessing a \$2,500 per month C2 Options Top Distribution Fee). The Exchange notes that Nasdaq Phlx and Cboe C2’s market data fees are higher than BOX’s proposed HSVF Port fees.

⁸ The 10 Gb and Non-10 Gb Connection fees were initially effective on July 19, 2018. See Securities Exchange Act Release No. 83728 (July 27, 2018), 83 FR 37853 (August 2, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on BOX Market LLC (“BOX”) Options Facility To Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network). These fees were suspended on September 17, 2018 and became effective again on October 31, 2019. HSVF port fees were increased on January 31, 2018. See Securities Exchange Act Release No. 82654 (February 7, 2018), 83 FR 6284 (February 13, 2018) (SR–BOX–2018–04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Section VI. (Technology Fees) of the BOX Fee Schedule). SAIL, FIX, and Drop Copy port fees were established on April 27, 2018. See Securities Exchange Act Release No. 83197 (May 9, 2018), 83 FR 22567 (May 15, 2018) (SR–BOX–2018–15) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on the BOX Market LLC (“BOX”) Options Facility To Amend Connectivity Fees and Establish Port Fees).

⁹ See <https://www officialdata.org/us/inflation/2010?amount=1> (Last updated August 14, 2024).

¹⁰ See <https://data.bls.gov/timeseries/PCU5182105182105> (Last updated August 13, 2024).

¹¹ See <https://www.cmegroup.com/education/courses/learn-about-key-economic-events/understanding-consumer-price-index-and-producer-price-index.html>.

¹² See <https://www.bls.gov/eci/tables.htm> (Last updated August 13, 2024).

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ *Id.*

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ See *supra* note 6.

¹⁸ See *supra* note 8.

¹⁹ See <https://www officialdata.org/us/inflation/2010?amount=1> (Last updated August 14, 2024).

²⁰ See <https://data.bls.gov/timeseries/PCU5182105182105> (Last updated August 13, 2024).

²¹ See <https://www.bls.gov/eci/tables.htm> (Last updated August 13, 2024).

devices, and datacenter space and power,²² as a provider of an options market where orders and quotes are matched and trades and prices are disseminated, and as an employer. As such, the Exchange believes that BOX has exposure to price increases measured by each of the CPI, PPI, and ECI. Accordingly, the Exchange believes that reviewing each index is an appropriate exercise when determining the effects of inflation on BOX.

The Exchange notes that the 2021, 2022, and 2023 inflation rates were historically high.²³ The Exchange believes that this could not have been reasonably anticipated in 2018 when the current connectivity fees were established and that, in these specific circumstances, a connectivity fee increase is warranted. Therefore, this proposal attempts to take into account the higher than expected inflation rates seen since 2021 and the fact that BOX's connectivity fees have not changed since 2018.

The Exchange believes that it is reasonable to increase its fees to compensate for inflation because, over time, inflation has degraded the value of each dollar that the Exchange collects in fees, such that the real revenue collected today is considerably less than that same revenue collected in 2018. The Exchange notes that this inflationary effect is a general phenomenon that is independent of any change in BOX's costs in providing its goods and services. The Exchange believes that it is reasonable for it to offset, in part, this erosion in the value of the revenues it collects. The Exchange notes that another exchange has filed for increases in certain connectivity-related fees, based in part on similar rationale.²⁴

The Exchange believes the proposed connectivity and port fees are reasonable as the increases represent a 20% increase from the rates adopted 6 years ago before the historical and unanticipated rise in inflation. The Exchange is proposing a 20% fee increase for each connection and port type and believes that a 20% price increase, over a period producing a cumulative price increase between 15% and 25% (as seen by the CPI, PPI and ECI detailed above), is reasonable

because the proposed fee increases are broadly in line with those price increases. Further, the Exchange believes that the proposed 20% increase strikes a balance between market participants' expectations of the price for connectivity to BOX and the historical rise of inflation. The Exchange notes that the proposed fees remain in line with, or lower than, amounts assessed by other exchanges for similar connections and ports.²⁵ The Exchange notes further that it does not intend to adjust connectivity and port fees due to inflation on an annual basis, rather the Exchange reiterates that the purpose of this proposal is to address the unanticipated and historical rise in inflation since the adoption of its connectivity fees in 2018 and, in particular in 2021, 2022, and 2023.

Additionally, the Exchange believes the proposed fee increase is reasonable in light of recent and anticipated connectivity-related upgrades and changes. Specifically, BOX has recently replaced trading servers and added additional servers to increase performance and capacity, to increase competitiveness, and to support growth. For example, the rapid growth of trading volumes from 2020 has increased the number of servers, network devices, and telecommunications lines required to keep pace with the growth of trade, order, and quote data. As part of another recent change, BOX deployed additional low latency network switches and increased its datacenter space. As a result of these initiatives, BOX increased its overall hardware footprint at the datacenters which directly results in increased support costs at the datacenter as well.

The goal of the initiatives discussed above, among other things, is to provide faster and more consistent order handling and matching performance for options, while ensuring quicker processing time and supporting increasing volumes. Accordingly, BOX continuously invests in improvements that enhance the value of its connectivity services. The Exchange expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Participants and continue to compete among other options markets. BOX regularly invests in efforts to support and optimize its systems to support system capacity, reliability, and performance.

Further, Participants and non-Participants will continue to choose the method of connectivity based on their specific needs and no broker-dealer is

required to become a Participant of, let alone connect directly to, BOX. There is also no regulatory requirement that any market participant connect to any one particular exchange. Moreover, direct connectivity is not a requirement to participate on BOX. Participants may choose to connect indirectly to BOX via a third-party reseller of connectivity. Additionally, market participants may choose to connect to other options exchanges. Indeed, there are currently 17 registered options exchanges that trade options, many with higher connectivity and port fees.²⁶ Based on publicly available information, no single options exchange has more than approximately 19% of the market share.²⁷ Further, low barriers to entry mean that new exchanges may rapidly enter the market and offer additional substitute platforms to further compete with BOX and the products it offers. For example, there are 5 exchanges that have been added in the U.S. options markets in the last 6 years (*i.e.*, Nasdaq MRX, LLC, MIAx Pearl, LLC, MEMX LLC, MIAx Sapphire LLC, and MIAx Emerald LLC).

The Exchange notes that both Participants and non-Participants may purchase connectivity and that either Participants or non-Participants may resell such connectivity. This indirect connectivity is a viable alternative for market participants to consume market data from BOX without connecting directly to BOX (and thus not pay BOX's connectivity fees), which alternative is already being used by both Participants and non-Participants and further constrains the price that BOX is able to charge for connectivity. The Exchange notes that it could, but chooses not to, preclude resale of its connectivity. The Exchange also chooses not to adopt fees that would be assessed to third-party resellers on a per customer basis (*i.e.*, fee based on number of Participants that connect to BOX indirectly via the third-party). Particularly, these third-party resellers may purchase BOX's connections and resell access to such connections either alone or as part of a package of services. The Exchange notes that multiple Participants are able to share a single physical connection (and corresponding bandwidth) with other non-affiliated Participants if purchased through a third-party re-seller. This allows resellers to mutualize the costs of the connections for market participants and provide such connections at a price

²⁶ *Id.*

²⁷ See Cboe Global Markets U.S. Options Market Volume Summary (August 14, 2024), available at https://markets.cboe.com/us/options/market_statistics/.

²² As an example of rising costs at BOX, the Exchange notes that BOX's datacenter vendor has increased prices for power and space by 5% per year since at least 2020. BOX also notes that unregulated competitors providing connectivity and co-location services often have annual price increases written into their agreements with customers to account for inflation and rising costs.

²³ See *supra* notes 19, 20, 21.

²⁴ See Securities Exchange Act Release No. 100513 (July 12, 2024), 89 FR 58460 (July 18, 2024) (SR-Phlx-2024-27).

²⁵ See *supra* notes 6, 7.

that may be lower than BOX charges due to this mutualized connectivity. These third-party sellers may also provide an additional value to market participants as they may also manage and monitor these connections. Additionally, clients of these third-parties may also be able to connect from the same colocation facility either from their own racks or using the third-party's managed racks and infrastructure which may provide further cost-savings. Further, the Exchange does not receive any connectivity revenue when connectivity is resold by a third-party, which often is resold to multiple customers. Given the availability of third-party providers that also offer connectivity solutions, the Exchange believes participation on BOX remains affordable (notwithstanding the proposed fee change) for all market participants, including smaller trading firms that may be able to take advantage of lower costs that result from mutualized connectivity.

Accordingly, the vigorous competition among national securities exchanges provides many alternatives for firms to voluntarily decide whether direct connectivity to BOX is appropriate and worthwhile, and as noted above, no broker-dealer is required to become a Participant of the Exchange, let alone connect directly to it. In the event that a market participant views BOX's proposed fee change as more or less attractive than the competition, that market participant can choose to connect to BOX indirectly or may choose not to connect at all and connect instead to one or more of the other 17 options markets. As such, BOX must set its fees, including its fees for connectivity and ports competitively. If not, customers may move to other venues or reduce use of the BOX's services. "If competitive forces are operative, the self-interest of the exchanges themselves will work powerfully to constrain unreasonable or unfair behavior."²⁸ 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."²⁹ Disincentivizing market participants from purchasing BOX connectivity would only serve to discourage participation on BOX, which ultimately does not benefit BOX. Moreover, if BOX charges excessive

fees, BOX may stand to lose not only connectivity and port revenues but also other revenues, including revenues associated with the execution of orders. In summary, the proposal represents an equitable allocation of reasonable dues, fees and other charges because BOX's connectivity and port fees have fallen in real terms and customers have a choice in trading venue and will exercise that choice and trade at another venue if connectivity and port fees are not set such that BOX's revenues are sufficient to invest in a competitive connectivity offering.

As for market participants that determine to continue to maintain their current connectivity to BOX, or to purchase connectivity for business purposes, those business reasons presumably result in revenue capable of covering the proposed fees. Further, for such market participants that choose to connect to BOX, the Exchange believes the proposed fees continue to provide flexibility with respect to how to connect to BOX based on each market participants' respective business needs. For example, the amount and type of ports are determined by factors relevant and specific to each market participant, including its business model, costs of connectivity, how its business is segmented and allocated, and volume of messages sent to BOX. Moreover, the Exchange notes that BOX does not have unlimited system capacity and the proposed fees are also designed to encourage market participants to be efficient with their respective port usage and discourage the purchasing of large amounts of superfluous ports. There is also no requirement that any market participant maintain a specific number of ports and a market participant may choose to maintain as many or as few of such ports as each deems appropriate.³⁰ Further, market participants are free to reduce or discontinue use of these ports in response to the proposed fees.

As noted above, there is no regulatory requirement that any market participant connect to any one options exchange, nor that any market participant connect at a particular connection speed or act in a particular capacity on BOX, or trade any particular product offered on an exchange. Moreover, membership is not a requirement to participate on BOX. Indeed, the Exchange is unaware of any one options exchange whose membership includes every registered broker-dealer. By way of example, while the Exchange has 54 Participants (*i.e.*, members), Cboe BZX has 61 members

that trade options,³¹ Cboe C2 has 52 Trading Permit Holders ("TPHs") (*i.e.*, members),³² NYSE American Options has 71 members,³³ NYSE Arca Options has 69 members,³⁴ MIAX Options has 46 members,³⁵ and MIAX Pearl Options has 40 members.³⁶ Accordingly, excessive fees would simply serve to reduce demand for these products, which market participants are under no regulatory obligation to utilize.

The Exchange believes that the proposed fee changes are not unfairly discriminatory because the fees are assessed uniformly across all market participants that voluntarily subscribe to or purchase connectivity or ports. The Exchange notes that SAIL Port fees are higher than FIX Port fees, although both types of ports may be used to enter orders, only SAIL Ports may be used to enter quotes. Thus, a Market Maker entering quotes will be assessed higher port fees than another Participant entering orders using a FIX Port. The Exchange believes that the fee disparity between SAIL Ports and FIX Ports is not unfairly discriminatory because SAIL Ports allow bulk quotes and Market Maker functions such as Market Maker Protection. These features allow Market Makers to maintain and manage large numbers of quotes which provides unique value to Market Makers.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed fee change will not impact intramarket competition because it will apply to all similarly situated Participants and non-Participants equally (*i.e.*, all market participants that choose to purchase connectivity or ports).³⁷ The Exchange notes that SAIL Port fees are higher than FIX Port fees, although both types of ports may be used to enter orders, only SAIL Ports may be used to enter quotes. Thus, a

³¹ See Securities Exchange Act Release No. 100366 (June 18, 2024), 89 FR 53163 (June 25, 2024) (SR-CboeEDGX-2024-036).

³² *Id.*

³³ See <https://www.nyse.com/markets/american-options/membership#directory>.

³⁴ See <https://www.nyse.com/markets/arca-options/membership#directory>.

³⁵ See https://www.miaxglobal.com/sites/default/files/page-files/MIAX_Options_Exchange_Members_April_2023_04282023.pdf.

³⁶ See https://www.miaxglobal.com/sites/default/files/page-files/MIAX_Pearl_Exchange_Members_01172023_0.pdf.

³⁷ The Exchange notes that only Participants may purchase FIX Ports, SAIL Ports, and Drop Copy Ports.

²⁸ See Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) (SR-NYSEArca-2006-21).

²⁹ *Id.*

³⁰ As noted herein, Participants must connect to a minimum of one port via FIX or SAIL.

Market Maker entering quotes will be assessed higher port fees than another Participant entering orders using a FIX Port. The Exchange believes that the fee disparity between SAIL Ports and FIX Ports is not unfairly discriminatory because SAIL Ports allow bulk quotes and Market Maker functions such as Market Maker Protection. These features allow Market Makers to maintain and manage large numbers of quotes which provides unique value to Market Makers.

Additionally, the Exchange does not believe its proposed pricing will impose a barrier to entry to smaller market participants and notes that its proposed connectivity pricing is associated with relative usage of the various market participants. For example, market participants with modest capacity needs can continue to buy fewer ports than market participants with greater capacity needs and the less expensive Non-10 Gb Connection or may choose to obtain access via a third-party re-seller. Accordingly, the proposed connectivity and port fees do not favor certain categories of market participants in a manner that would impose a burden on competition; rather, the allocation reflects the network resources consumed by the various size of market participants—lowest bandwidth consuming members pay the least, and highest bandwidth consuming members pay the most.

The Exchange notes that the proposed fees are still lower than many fees for similar connectivity and ports on other exchanges and therefore may stimulate intermarket competition by attracting additional firms to connect to BOX or at least should not deter interested market participants from connecting directly to BOX. The Exchange believes that this fee increase will not impose any burden on intermarket competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes further that, without this fee increase, it is potentially at a competitive disadvantage to certain other exchanges that have in place higher fees for similar services. Further, if the changes proposed herein are unattractive to market participants, BOX can, and likely will, see a decline in connectivity and ports as a result. The Exchange operates in a highly competitive market in which market participants can determine whether or not to connect directly to BOX and how many ports to purchase, if any, based on the value received compared to the cost of doing so. Indeed, market participants have numerous alternative venues that they may participate on and direct their order flow to, including 17 other

options markets, as well as off-exchange venues, where competitive products are available for trading.

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 Exchange Act³⁸ and Rule 19b-4(f)(2) thereunder,³⁹ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BOX-2024-19 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-BOX-2024-19. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the

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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-BOX-2024-19 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁰

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100878; File No. SR-BX-2024-030]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees Related to Certain Prospective Costs of the National Market System Plan Governing the Consolidated Audit Trail

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 15, 2024, Nasdaq BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The

⁴⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁹ 17 CFR 240.19b-4(f)(2).

Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024, as described further below.

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the

Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT ("CAT Funding Model"). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants ("Historical CAT Assessment" fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs ("CAT Fees").⁸

Under the CAT Funding Model, Participants, CEBBs and CEBSSs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. "The Operating Committee will establish fees ('CAT Fees') to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants ('Prospective CAT Costs')." ⁹ In establishing a CAT Fee, the Operating Committee will calculate a "Fee Rate" for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBS would be required

to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBS from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBSSs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBSSs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBSSs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to "file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as 'Consolidated Audit Trail Funding Fees.'" ¹⁷ The Plan further states that "[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate." ¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) ("CAT NMS Plan Approval Order").

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) ("CAT Funding Model Approval Order").

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, "[t]he proposed recovery of Prospective CAT Costs is appropriate." CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

³ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See Nasdaq Rule General 7(u) (BX General 7 incorporates The Nasdaq Stock Market LLC Rule General 7 by reference); see also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. Nasdaq Rule General 7 (Consolidated Audit Trail Compliance).

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBS for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the

transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical

Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided..	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party.	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for

the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be

assessed to CEBBs and CEBSs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT

Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBSs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0–r21 (Apr. 15, 2024),

https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs

and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with

estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the

funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

Budget category	Budgeted CAT costs 2024–1 *
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor [sic] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a

variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was

calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting

³⁵ This calculation is (\$38,132,441 + \$43,919,730) – \$5,773,745 = \$76,278,426.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is \$33,217,468 + \$38,166,641 = \$71,384,109.

³⁸ This calculation is \$30,343,917 + \$36,393,893 = \$66,737,810.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC's proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee

2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the

use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated [*sic*] the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is \$39,961,511 + \$43,278,488 = \$83,239,999.

⁴¹ This calculation is \$38,132,441 + \$43,919,730 = \$82,052,171.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴³ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) – \$1,151,230.50 = \$14,008,947.5.

⁴⁴ This calculation is \$6,726,747 + \$6,832,128 = \$13,558,875.

Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer.

As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the [sic] first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating

fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change

⁴⁵ This calculation is \$6,702,506 + \$5,906,034 = \$12,608,540.

⁴⁶ This calculation is \$26,423,306 + \$1,345,412 = \$27,768,718.

⁴⁷ This calculation is \$6,832,128 + \$6,832,128 = \$13,664,256.

⁴⁸ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178.

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁵⁰ This calculation is (\$5,060,937 + \$5,060,937) – \$843,489.50 = \$9,278,384.50.

⁵¹ This calculation is \$5,282,128 + \$5,136,538 = \$10,418,666.

⁵² This calculation is \$5,017,108 + \$5,060,937 = \$10,078,045.

⁵³ This calculation is \$5,136,538 + \$5,136,538 = \$10,273,076.

⁵⁴ This calculation is \$5,060,937 + \$5,060,937 = \$10,121,874.

requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 [*sic*] first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the

annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount.

Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such

potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale’s billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale’s performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;

- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;

- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC’s defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims (“Texas Litigation”);⁶⁵ (2) CAT LLC’s intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC’s approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC’s May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is

appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other

⁶⁵ *American Securities Ass’n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is (\$2,647,277 + \$2,342,562) – \$505,284.50 = \$4,484,554.50.

⁷⁰ This calculation is \$1,220,000 + \$1,220,000 = \$2,440,000.

⁷¹ This calculation is \$791,912 + \$2,364,850 = \$3,156,762.

counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte's fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte's performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget [sic] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set

forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC's proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC ("USI"). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [sic] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;

• Support compliance with the CAT NMS Plan;

• Work with and provide support to the Operating Committee and various CAT working groups;

• Prepare monthly, quarterly and annual financial statements;

• Support the annual financial statement audits by an independent auditor;

• Review historical costs from inception;

• Provide accounting and financial information in support of SEC filings; and

• Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

⁸⁰ Section 9.2 of the CAT NMS Plan.

subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [*sic*] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based

on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁷ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC's proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁸ to \$47,075 in the Updated 2024 Budget.⁸⁹ The minor change was made to reflect updated contractual terms.

⁸¹ This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸² This calculation is $\$213,600 + \$182,330 = \$395,930$.

⁸³ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to

“reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹⁰ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹¹

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹²

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹³

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total

executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁴ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁵

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁶ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁷ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT

⁹⁴ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁵ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁷ See proposed paragraph (a)(3)(B) of the fee schedule.

⁹⁰ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹¹ CAT Funding Model Approval Order at 62651.

⁹² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

⁹³ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁸

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”⁹⁹ Accordingly, proposed paragraph

(a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰⁰ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

¹⁰⁰ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰¹ The Plan Processor has established a billing system for CAT fees.¹⁰² Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated

¹⁰¹ Section 11.4 of the CAT NMS Plan.

¹⁰² The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

⁹⁸ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁹ CAT Funding Model Approval Order at 62658, n.658.

Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰³

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁴

Such information would provide CEBBs and CEBBs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁵ CAT

LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁶ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁷ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the

Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁸ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹⁰⁹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹⁰

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented as of October 26, 2020.”¹¹¹ The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information

¹⁰⁸ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹⁰⁹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹⁰ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹¹ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹⁰³ Section 11.4 of the CAT NMS Plan.

¹⁰⁴ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁵ In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁶ Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁷ Section 11.3(a)(iii)(C) of the CAT NMS Plan.

related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;

- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA's Alternative Display Facility ("ADF"); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system ("IDQS"); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;

- Firm Designated IDs ("FDIDs"), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;

- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;

- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member's system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member's system;

- Manual and Electronic Capture Time for Manual Order Events;

- Special handling instructions for the original receipt or origination of an order during Phase 2a; and

- When routing an order, whether the order was routed as an intermarket sweep order ("ISO").

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹²

(ii) Phase 2b

The Quarterly Progress Reports state that "Phase 2b was fully implemented

as of January 4, 2021."¹¹³ The Phase 2b Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member's order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁴

(iii) Phase 2c

The Quarterly Progress Reports state that "Phase 2c was implemented as of April 26, 2021."¹¹⁵ The Phase 2c Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. That Order states that "Phase 2c Industry Member Data" is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data,

or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to:

- (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan;
- (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below);
- (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA's Alternative Display Facility;
- (4) reporting changes to client instructions regarding modifications to algorithms;
- (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP;
- (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination;
- (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route;
- (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a);
- (9) quote identifier on trade events;
- (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c;
- (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship;
- (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time;
- (13) the modification or cancellation of an internal route of an order; and
- (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System ("OMS")—Execution Management System ("EMS") scenarios, as required in the Industry Member Technical Specifications.¹¹⁶

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities

¹¹³ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁴ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁵ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁶ Phase Reporting Exemptive Relief Order at 23078–79.

¹¹² Phased Reporting Exemptive Relief Order at 23076–78.

exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁷

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁸ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to

the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹¹⁹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter’s order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²⁰

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order

cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²¹

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²² Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²³ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁴ Phase 2e Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2e Industry Member Data” includes “Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT.”¹²⁵ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term “Customer Account Information” to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member

¹²¹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²² *Id.*

¹²³ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁴ *Id.*

¹²⁵ Phase Reporting Exemptive Relief Order at 23080.

¹¹⁷ *Id.* at 23079.

¹¹⁸ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁹ Phase Reporting Exemptive Relief Order at 23079.

¹²⁰ *Id.* at 23079–80.

has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the “date account opened”; (ii) provide the relationship identifier in lieu of the “account number”; and (iii) identify the “account type” as a “relationship”; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no “date account opened” is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member’s system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term “Customer Identifying Information” is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number (“ITIN”)/social security number (“SSN”), individual’s role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number (“EIN”)/Legal Entity Identifier (“LEI”) or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer’s LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁶

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System “at the initial Error Rates specified by Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁷ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁸ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹²⁹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBSS. Like CEBBs and CEBSS, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSS as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after

receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³⁰ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³¹ because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³² which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³³ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the

¹²⁷ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁸ CAT Funding Model Approval Order at 62659.

¹²⁹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³⁰ 15 U.S.C. 78f(b)(6).

¹³¹ 15 U.S.C. 78f(b)(4).

¹³² 15 U.S.C. 78f(b)(8).

¹³³ See Section 6(b)(1) of the Exchange Act.

¹²⁶ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁴ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes and not to support the Exchange’s business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry

Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁶ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁷ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent

share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁸ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting

¹³⁵ *Id.* at 84696.

¹³⁶ CAT Funding Model Approval Order at 62686.

¹³⁷ *Id.* at 62662–63.

¹³⁸ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹³⁴ CAT NMS Plan Approval Order at 84697.

services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹³⁹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴⁰ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴¹ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the

Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴²

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴³ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information

and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁴ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁵ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁶

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁷

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁸ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services

¹³⁹ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴⁰ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴¹ CAT NMS Plan Approval Order at 84801.

¹⁴² See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁴ See Section 3(a)(2)(C)(ii) above.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁴⁹ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵⁰

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵¹ CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵² CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵³ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee

and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁴ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁵ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁶

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁷ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁸ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide

assistance in the management of various CAT matters and the processes related to such matters.¹⁵⁹ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶⁰

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶¹ CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶² As discussed above,¹⁶³ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁴

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁵ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT

¹⁵⁹ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. *See, e.g.*, CTA Plan and CQ Plan.

¹⁶⁰ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶¹ Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶² Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶³ *See* Section 3(a)(2)(C)(viii) above.

¹⁶⁴ *Id.*

¹⁶⁵ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁴⁹ *See* Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*
¹⁵¹ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵² *See* Section 3(a)(2)(B)(vi) above.

¹⁵³ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁴ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁴⁹ *See* Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*

¹⁵¹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵² *See* Section 3(a)(2)(C)(iv) above.

¹⁵³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁶

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁸

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁶⁹ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market

participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷⁰ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷¹ Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷² As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷³ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁴ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁵

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁶ The SEC also recognized that CAT fees will

be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁷ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁸

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁷⁹ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸⁰

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸¹ CAT LLC determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is

¹⁷⁰ See Section 3(a)(2)(C)(x) above.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁴ CAT Funding Model Approval Order at 62657.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See Section 3(a)(2)(C)(xi) above.

¹⁷⁹ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸⁰ See Section 3(a)(2)(D) above.

¹⁸¹ *Id.*

¹⁶⁶ See Section 3(a)(2)(C)(ix) above.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

1,326,917,946,968.403 executed equivalent shares.¹⁸²

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸³ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁴

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (e.g., \$0.0009 per share to 0.0004 per share),¹⁸⁵ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁶

¹⁸² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸³ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁴ See Section 3(a)(4)(A) above.

¹⁸⁵ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁶ *Id.*

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁷ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁸ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model

satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁸⁹ requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the

¹⁸⁷ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁸ CAT Funding Model Approval Order at 62629.

¹⁸⁹ 15 U.S.C. 78f(b)(8).

requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹⁰ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹¹ and Rule 19b–4(f)(2) thereunder,¹⁹² because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the

public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR–BX–2024–030 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–BX–2024–030. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–BX–2024–030 and should be

submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹³

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–19880 Filed 9–4–24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100869; File No. SR–ISE–2024–041]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees Related to Certain Prospective Costs of the National Market System Plan Governing the Consolidated Audit Trail

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 15, 2024, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by 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 establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”) for the period from July 16, 2024 through December 31, 2024, as described further below.

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

¹⁹³ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ An “Industry Member” is defined as “a member of a national securities exchange or a member of a national securities association.” See Nasdaq Rule General 7(u) (ISE General 7 incorporates The Nasdaq Stock Market LLC Rule General 7 by reference); see also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. Nasdaq Rule General 7 (Consolidated Audit Trail Compliance).

¹⁹⁰ CAT Funding Model Approval Order at 62676–86.

¹⁹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹² 17 CFR 240.19b–4(f)(2).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT ("CAT Funding Model"). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among

Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants ("Historical CAT Assessment" fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs ("CAT Fees").⁸

Under the CAT Funding Model, Participants, CEBBs and CEBs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. "The Operating Committee will establish fees ('CAT Fees') to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants ('Prospective CAT Costs')." ⁹ In establishing a CAT Fee, the Operating Committee will calculate a "Fee Rate" for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBs would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBs from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of

Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to "file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as 'Consolidated Audit Trail Funding Fees.'" ¹⁷ The Plan further states that "[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate." ¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBs for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a "CAT Executing Broker" to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) ("CAT NMS Plan Approval Order").

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) ("CAT Funding Model Approval Order").

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, "[t]he proposed recovery of Prospective CAT Costs is appropriate." CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA's equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as

the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the

Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to

determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably

projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0–r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming

year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be

\$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor *[sic]* on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account

Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-

processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the

Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is \$33,217,468 + \$38,166,641 = \$71,384,109.

³⁸ This calculation is \$30,343,917 + \$36,393,893 = \$66,737,810.

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

³⁵ This calculation is (\$38,132,441 + \$43,919,730) – \$5,773,745 = \$76,278,426.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5,

proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;

- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated *[sic]* the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth

in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

⁴³ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) - \$1,151,230.50 = \$14,008,947.5$.

⁴⁴ This calculation is $\$6,726,747 + \$6,832,128 = \$13,558,875$.

⁴⁵ This calculation is $\$6,702,506 + \$5,906,034 = \$12,608,540$.

⁴⁶ This calculation is $\$26,423,306 + \$1,345,412 = \$27,768,718$.

⁴⁷ This calculation is $\$6,832,128 + \$6,832,128 = \$13,664,256$.

⁴⁸ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178$.

⁴⁰ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴¹ This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer. As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT

Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the [*sic*] first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating

budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

\$81,250 [*sic*] first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set

of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated

2024 Budget of \$7,761,480.⁶²

Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;
- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;
- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler,

the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims ("Texas Litigation");⁶⁵ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1

Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas

⁶⁵ *American Securities Ass'n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;

- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;

- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;

- Provide support for updating the SEC on the progress of the development of the CAT; and

- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget *[sic]* for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began *[sic]* halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the

reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors’ and officers’ liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC (“USI”). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for

⁷⁷ This calculation is \$400,000 + \$400,000 = \$800,000.

⁷⁸ This calculation is \$359,925 + \$354,495 = \$714,420.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

⁷⁴ This calculation is (\$359,926 + \$354,495) – \$61,798 = \$652,623.

⁷⁵ This calculation is \$400,000 + \$400,000 = \$800,000.

⁷⁶ This calculation is \$264,101 + \$621,479 = \$885,580.

insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are

anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate *[sic]* bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;
- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line

with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional

⁸¹ This calculation is (\$157,269 + \$293,682) – \$22,406.50 = \$428,544.50.

⁸² This calculation is \$213,600 + \$182,330 = \$395,930.

⁸³ This calculation is \$110,542 + \$262,435 = \$372,977.

⁸⁰ Section 9.2 of the CAT NMS Plan.

and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. ("RF|Binder"). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise, history with the project, and fees, which are anticipated to remain in

line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁷ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC's proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁸ to \$47,075 in the Updated 2024 Budget.⁸⁹ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹⁰ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹¹

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share

volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹²

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹³

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁴ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁵

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁶ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁷ Proposed paragraph (a)(3)(A) of the fee schedule would state

⁹² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

⁹³ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁴ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁵ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁷ See proposed paragraph (a)(3)(B) of the fee schedule.

that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁸

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for

⁹⁰ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹¹ CAT Funding Model Approval Order at 62651.

⁹⁸ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee–2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”⁹⁹ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰⁰ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024,

invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰¹ The Plan Processor has established a billing system for CAT fees.¹⁰² Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰³

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

⁹⁹ CAT Funding Model Approval Order at 62658, n.658.

¹⁰⁰ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

¹⁰¹ Section 11.4 of the CAT NMS Plan.
¹⁰² The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰³ Section 11.4 of the CAT NMS Plan.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker's CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker's executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁴

Such information would provide CEBBs and CEBs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁵ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, "[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions."¹⁰⁶ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

¹⁰⁴ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁵ In approving the CAT Funding Model, the Commission stated that, "[i]n the Commission's view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees." CAT Funding Model Approval Order at 62667.

¹⁰⁶ Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that "[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees." CAT Funding Model Approval Order at 62667.

(6) Financial Accountability Milestones

The CAT NMS Plan states that "[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied."¹⁰⁷ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the "Full Implementation of CAT NMS Plan Requirements." Section 1.1 of the CAT NMS Plan defines "Full Implementation of CAT NMS Plan Requirements" as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants' Quarterly Progress Reports. As indicated by the Participants' Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁸ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four

¹⁰⁷ Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁸ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

phases: Phases 2a, 2b, 2c and 2d.¹⁰⁹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹⁰

(i) Phase 2a

The Quarterly Progress Reports state that "Phase 2a was fully implemented as of October 26, 2020."¹¹¹ The Phase 2a Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;
- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA's Alternative Display Facility ("ADF"); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system ("IDQS"); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;
- Firm Designated IDs ("FDIDs"), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;
- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;
- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either

¹⁰⁹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) ("Phased Reporting Exemptive Relief Order").

¹¹⁰ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹¹ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member's system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member's system;

- Manual and Electronic Capture Time for Manual Order Events;
- Special handling instructions for the original receipt or origination of an order during Phase 2a; and
- When routing an order, whether the order was routed as an intermarket sweep order ("ISO").

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹²

(ii) Phase 2b

The Quarterly Progress Reports state that "Phase 2b was fully implemented as of January 4, 2021."¹¹³ The Phase 2b Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member's order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as

equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁴

(iii) Phase 2c

The Quarterly Progress Reports state that "Phase 2c was implemented as of April 26, 2021."¹¹⁵ The Phase 2c Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. That Order states that "Phase 2c Industry Member Data" is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA's Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that

are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System ("OMS")—Execution Management System ("EMS") scenarios, as required in the Industry Member Technical Specifications.¹¹⁶

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an "interdealer quotation system," as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁷

¹¹² Phased Reporting Exemptive Relief Order at 23076–78.

¹¹³ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁴ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁵ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁶ Phase Reporting Exemptive Relief Order at 23078–79.

¹¹⁷ *Id.* at 23079.

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁸ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹¹⁹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order

Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter’s order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²⁰

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²¹

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²² Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15,

2024.¹²³ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁴ Phase 2e Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2e Industry Member Data” includes “Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT.”¹²⁵ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term “Customer Account Information” to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the “date account opened”; (ii) provide the relationship identifier in lieu of the “account number”; and (iii) identify the “account type” as a “relationship”; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no “date account opened” is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member’s system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term “Customer Identifying Information” is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a)

¹¹⁸ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁹ Phase Reporting Exemptive Relief Order at 23079.

¹²⁰ *Id.* at 23079–80.

¹²¹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²² *Id.*

¹²³ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁴ *Id.*

¹²⁵ Phase Reporting Exemptive Relief Order at 23080.

with respect to individuals: name, address, date of birth, individual tax payer identification number (“ITIN”)/social security number (“SSN”), individual’s role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number (“EIN”)/Legal Entity Identifier (“LEI”) or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer’s LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁶

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System “at the initial Error Rates specified by Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁷ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁸ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹²⁹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate

that applies to CEBBs and CEBSS. Like CEBBs and CEBSS, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month.

Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025.

Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSS as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³⁰ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³¹ because it provides for the equitable allocation of reasonable dues, fees and other charges among members

and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³² which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³³ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁴ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBSS are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

¹²⁶ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁷ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁸ CAT Funding Model Approval Order at 62659.

¹²⁹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³⁰ 15 U.S.C. 78f(b)(6).

¹³¹ 15 U.S.C. 78f(b)(4).

¹³² 15 U.S.C. 78f(b)(8).

¹³³ See Section 6(b)(1) of the Exchange Act.

¹³⁴ CAT NMS Plan Approval Order at 84697.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission's view that regulatory fees be used for regulatory purposes and not to support the Exchange's business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁶ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this

proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁷ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the coming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm's length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁸ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹³⁹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only

¹³⁸ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹³⁹ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹³⁵ *Id.* at 84696.

¹³⁶ CAT Funding Model Approval Order at 62686.

¹³⁷ *Id.* at 62662–63.

include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴⁰ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴¹ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the

time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴²

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴³ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁴ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁵ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁶

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy

during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁷

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁸ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁴⁹ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵⁰

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵¹ CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating

¹⁴² See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁴ See Section 3(a)(2)(C)(ii) above.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁹ See Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*

¹⁵¹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁰ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴¹ CAT NMS Plan Approval Order at 84801.

Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵² CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵³ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁴ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁵ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire

and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁶

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁷ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁸ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁵⁹ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶⁰

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶¹ CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers'

liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶² As discussed above,¹⁶³ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁴

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁵ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁶

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁷

¹⁵⁶ See Section 3(a)(2)(B)(vi) above.

¹⁵⁷ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁸ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁵⁹ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶⁰ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶¹ Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶² Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶³ See Section 3(a)(2)(C)(viii) above.

¹⁶⁴ *Id.*

¹⁶⁵ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁶ See Section 3(a)(2)(C)(ix) above.

¹⁶⁷ *Id.*

¹⁵² See Section 3(a)(2)(C)(iv) above.

¹⁵³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁴ See Section 3(a)(2)(C)(v) above.

¹⁵⁵ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁸

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁶⁹ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷⁰ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷¹ Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷² As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷³ CAT LLC determined that the inclusion of a reserve in the amount of 25% of

Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁴ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁵

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁶ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁷ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁸

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁷⁹ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was

3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸⁰

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸¹ CAT LLC determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸²

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸³ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other

¹⁶⁸ *Id.*

¹⁶⁹ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷⁰ See Section 3(a)(2)(C)(x) above.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁴ CAT Funding Model Approval Order at 62657.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See Section 3(a)(2)(C)(xi) above.

¹⁷⁹ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸⁰ See Section 3(a)(2)(D) above.

¹⁸¹ *Id.*

¹⁸² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸³ CAT Funding Model Approval Order at 62658, n.658.

impracticalities of using additional decimal places in the calculation.¹⁸⁴

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (e.g., \$0.0009 per share to 0.0004 per share),¹⁸⁵ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁶

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁷ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁸ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it

complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public

interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization’s Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁸⁹ requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹⁰ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is

¹⁸⁴ See Section 3(a)(4)(A) above.

¹⁸⁵ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁶ *Id.*

¹⁸⁷ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁸ CAT Funding Model Approval Order at 62629.

¹⁸⁹ 15 U.S.C. 78f(b)(8).

¹⁹⁰ CAT Funding Model Approval Order at 62676–86.

calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹¹ and Rule 19b–4(f)(2) thereunder,¹⁹² because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR–ISE–2024–041 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–ISE–2024–041. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–ISE–2024–041 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹³

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–xxx, OMB Control No. 3235–0784]

Submission for OMB Review; Comment Request; Extension: Rule 206(4)–1

Upon Written Request, Copies Available From Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities

and Exchange Commission (the “Commission”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 206(4)–1 under the Investment Advisers Act of 1940 (“Advisers Act”), known as the “marketing rule,” addresses advisers marketing their services to clients and investors.¹ Specifically, the marketing rule states that, as a means reasonably designed to prevent fraudulent, deceptive, or manipulative acts, practices, or courses of business within the meaning of section 206(4) of the Act, it is unlawful for any investment adviser registered or required to be registered under section 203 of the of the Advisers Act, directly or indirectly, to disseminate any advertisement that violates any of paragraphs (a) through (d) of the rule, which include the rule's general prohibitions, as well as conditions applicable to an adviser's use of testimonials, endorsements, third-party ratings, and performance information.

Each requirement under the marketing rule that an adviser disclose information, offer to provide information, or adopt policies and procedures constitutes a “collection of information” requirement under the Paperwork Reduction Act of 1995 (“PRA”). The respondents to these collections of information requirements will be investment advisers that are registered or required to be registered with the Commission. As of September 2023, there were 15,555 investment advisers registered with the Commission. Investment adviser marketing is not mandatory. However, marketing is an essential part of retaining and attracting clients and may be conducted easily through the internet and social media. Accordingly, we estimate that all investment advisers will disseminate at least one communication that meets the rule's definition of “advertisement” and

¹ See 17 CFR 206(4)–1; Investment Adviser Marketing, Release No. IA–5653 (Dec. 22, 2020) [86 FR 13024 (Mar. 5, 2021)] (the “Adopting Release”); the Commission adopted amendments to Rule 206(4)–1 in 2020 that amended existing rule 206(4)–1 (the “advertising rule”), which was adopted in 1961 to target advertising practices that the Commission believed were likely to be misleading, and replaced rule 206(4)–3 (the “solicitation rule”), which was adopted in 1979 to help ensure clients are aware that paid solicitors who refer them to advisers have a conflict of interest; see Adopting Release; see also 17 CFR 275.206(4)–1; Advertisements by Investment Advisers, Release No. IA–121 (Nov. 1, 1961) [26 FR 10548 (Nov. 9, 1961)]; Requirements Governing Payments of Cash Referral Fees by Investment Advisers, Release No. 688 (July 12, 1979) [44 FR 42126 (Jul 18, 1979)].

¹⁹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹² 17 CFR 240.19b–4(f)(2).

¹⁹³ 17 CFR 200.30–3(a)(12).

therefore be subject to the requirements of the marketing rule.

Because the use of testimonials, endorsements, third-party ratings, and performance results in advertisements is voluntary, the percentage of investment advisers that would include these items in an advertisement is uncertain. However, we have made certain estimates of this data, as discussed below, solely for the purpose of this PRA analysis.

The purpose of this collection of information is to provide advisory clients, prospective clients, and the Commission with information about an adviser's marketing practices. We use the information to support and manage our regulatory, examination, and enforcement programs. Clients use this information to determine whether to hire an adviser.

This collection of information is found at 17 CFR.206(4)–1 and it is mandatory. The information collected

takes the form of records retained by respondents and disclosures to respondents' clients, potential clients, and the Commission.

General Prohibitions

The general prohibitions under the rule do not create a collection of information and are, therefore, not discussed, with one exception. The rule prohibits advertisements that include a material statement of fact that the adviser does not have a reasonable basis for believing that it will be able to substantiate upon demand by the Commission. Advisers would be able to demonstrate this reasonable belief in a number of ways.² For example, they could make a record contemporaneous with the advertisement demonstrating the basis for their belief. An adviser might also choose to implement policies and procedures to address how this requirement is met. This will create a

collection of information burden within the meaning of the PRA.

As stated above, we estimate that all investment advisers will disseminate at least one communication that meets the rule's definition of "advertisement" and therefore be subject to the requirements of the marketing rule. We also estimate that such advertisements will include at least one statement of material fact that will be subject to this general prohibition, for which an adviser will create and/or maintain a record documenting its reasonable belief that it can substantiate the statement. This estimate reflects that many types of statements typically included in an advertisement (*e.g.* performance) can likely be substantiated by other records that an adviser will be required to create and maintain under the rule.³ Table 1 summarizes the PRA estimates for the internal and external burdens associated with this requirement.

TABLE 1—GENERAL PROHIBITIONS

	Internal hour burden		Wage rate ¹	Internal time costs	Annual external cost burden
ESTIMATES FOR RULE 204–1 FOR GENERAL PROHIBITIONS					
Determine whether statements in an advertisement are material facts.	0.5	×	\$372 (compliance manager)	\$186	
Creation and maintenance of records substantiating material facts in any advertisements.	0.5	×	\$440 (compliance attorney)	\$220	
	4	×	\$75 (general clerk)	\$300	
	1	×	\$84 (compliance clerk)	\$84	
Total burden per adviser	6	.....	.....	\$790	
Total number of affected advisers	×	15,555	.....	×	15,555
Total burden for general prohibitions	93,330 hours	.....	.....	\$12,288,450	

Notes:
¹ See SIFMA Report, *infra* footnote 8.

Testimonials and Endorsements in Advertisements

Under the marketing rule, investment advisers are prohibited from including in any advertisement, or providing any compensation for, any testimonial or endorsement unless the adviser discloses, or the investment adviser reasonably believes that the person giving the testimonial or endorsement discloses: (i) clearly and prominently: (A) that the testimonial was given by a current client or investor, or the endorsement was given by a person other than a current client or investor; (B) that cash or non-cash compensation was provided for the testimonial or endorsement, if applicable; and (C) a brief statement of any material conflicts of interest on the part of the person giving the testimonial or endorsement

resulting from the investment adviser's relationship with such person; (ii) the material terms of any compensation arrangement, including a description of the compensation provided or to be provided, directly or indirectly, to the person for the testimonial or endorsement; and (iii) a description of any material conflicts of interest on the part of the person giving the testimonial or endorsement resulting from the investment adviser's relationship with such person and/or any compensation arrangement.⁴ The rule also imposes an oversight obligation that requires that an investment adviser have a reasonable basis to believe that the testimonial or endorsement complies with the marketing rule and have a written agreement with the person giving a testimonial or endorsement (except for

certain affiliated persons of the adviser) that describes the scope of the agreed upon activities and the terms of the compensation for those activities when making payments for compensated testimonials and endorsements that are above the *de minimis* threshold.⁵ This collection of information consists of two components: (i) the requirement to disclose certain information in connection with the testimonial and endorsement, and (ii) the requirement to oversee the testimonial or endorsement, including a written agreement with certain persons giving the testimonial or endorsement.

The marketing rule's definitions of testimonials and endorsements generally contain three elements: (i) statements about the client's/non-client's or investor's experience with the

² See Adopting Release, *supra* footnote 1, at section II.B.2.

³ See *id.*

⁴ Rule 206(4)–1(b)(1).

⁵ Rule 206(4)–1(b)(2).

investment adviser or its supervised persons, (ii) statements that directly or indirectly solicit any prospective client or investor in a private fund for the investment adviser, or (iii) statements that refer any prospective client or investor in a private fund to the investment adviser.

We previously estimated that 50 percent of advisers will use a testimonial or endorsement in their advertisements.⁶ However, we are reducing this estimate to 21 percent in light of amendments to Form ADV that became effective in 2021 that require advisers to provide additional information regarding their marketing practices.⁷ We continue to estimate that each adviser will use an average of five promoters and use 35 testimonials or endorsements annually, which includes testimonials and endorsements incorporated into an adviser's own advertisement and those communicated by promoters directly.

Under the marketing rule, an adviser that uses a testimonial or endorsement will be required to disclose certain information at the time it is disseminated. We estimate this burden

at 0.20 hours per disclosure and believe that advisers will incur this same burden each year, since each testimonial and/or endorsement used will likely be different and thus require updated disclosures. An investment adviser's in-house compliance managers and compliance attorneys will likely prepare disclosures, which will likely be included in the advertisement.⁸

Some of these third-party testimonials and endorsements will require delivery; thus, we estimate that 20 percent of the disclosures would be delivered by the U.S. Postal Service, with the remaining 80 percent delivered electronically or as part of another delivery of documents. For the 20% of advisers that will use physical mail, we estimate that the average annual costs associated with printing and mailing this information will be collectively \$592 for all disclosure documents associated with a single registered investment adviser.⁹

We estimate the average burden hours each year per adviser to oversee testimonials and endorsements will be one hour for each promoter, or five hours in total for each adviser that is subject to this collection of

information.¹⁰ While the rule provides flexibility as to how advisers conduct this oversight, we generally believe that this burden will include contacting solicited clients, pre-reviewing testimonials or endorsements, or other similar methods. Additionally, we estimate that each adviser will incur an average burden hour of one hour for each promoter, or five hours in total, to prepare the required written agreements. In-house compliance managers and compliance attorneys are likely to provide oversight of the third party testimonials and endorsements and prepare the written agreements.

Finally, we are no longer including our prior estimate that each adviser that uses a compensated testimonial or endorsement will incur an initial burden of two hours to modify its policies and procedures to reflect the adviser's oversight of testimonials and endorsements, as this estimate related to initial burdens of the rule only. Table 2 summarizes the PRA estimates for the internal and external burdens associated with these requirements.

TABLE 2—TESTIMONIALS AND ENDORSEMENTS

	Internal hour burden		Wage rate ¹	Internal time costs	Annual external cost burden
ESTIMATES FOR TESTIMONIALS AND ENDORSEMENTS					
Revise and update each required disclosure	0.1 hours × 35 disclosures	×	\$372 (compliance manager)	\$1,302	
	0.1 hours × 35 disclosures	×	\$440 (compliance attorney)	\$1,540	
Oversight of compensated testimonials and endorsements and preparation of written agreements.	1 hours × 5 promoters	×	\$372 (compliance manager)	\$1,860	
	1 hours × 5 promoters	×	\$440 (compliance attorney)	\$2,200	
Total burden per adviser	17 hours	.....	.....	\$6,902	\$592
Total number of affected advisers	× 3,231	.....	.....	× 3,231	× 3,231 (× 20% of advisers that will use physical mail)
Total burden for testimonials and endorsements	54,927 hours	.....	.....	\$22,300,362	\$382,550

Notes:

¹ See SIFMA Report, *supra* footnote 8.

Third-Party Ratings in Advertisements

As referenced above, rule 206(4)–1(c) prohibits an investment adviser from

including a third-party rating in an advertisement unless certain conditions are met, including that the adviser must

clearly and prominently disclose (or reasonably believe that the third-party rating clearly and prominently

⁶ See Adopting Release, *supra* footnote 1, at section IV.B.

⁷ See Form ADV, Item 5.L (requiring an adviser to state, among other things, whether any of its advertisements include performance results, testimonials, endorsements, or third-party ratings). Specifically, 3,231 advisers indicated that they use either testimonials or endorsements in response to Item 5.L. 3,231 advisers/15,555 total advisers registered as of September 2023 = approximately 21%. See also Adopting Release, *supra* footnote 1, at section II.H.

⁸ We estimate the hourly wage rate for compliance manager is \$372 and a compliance attorney is \$440; the hourly wages used are from

SIFMA's *Management & Professional Earnings in the Securities Industry 2013* ("SIFMA Report"), modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

⁹ We do not have specific data regarding how the cost of printing and mailing the underlying information would differ, nor are we able to specifically identify how the cost of printing and mailing the underlying information might be affected by the rule; for these reasons, we estimate \$592 per year to collectively print and mail, upon request, the underlying information associated with hypothetical performance for purposes of our

analysis; we previously estimated this cost at \$500 and are adjusting to account for inflation between December of 2020 and January of 2024. See Adopting Release, *supra* footnote 1, at section IV.B; U.S. Bureau of Labor Statistics, CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm; in addition, investors may also request to receive the underlying information electronically; we estimate that there would be negligible external costs associated with emailing electronic copies of the underlying information.

¹⁰ This estimate is based on the following calculation: 1 hour per each solicitor relationship × 5 promoter relationships.

discloses): (i) the date on which the rating was given and the period of time upon which the rating was based, (ii) the identity of the third-party that created and tabulated the rating, and (iii) if applicable, that cash or non-cash compensation has been provided directly or indirectly by the adviser in connection with obtaining or using the third-party rating.

We previously estimated that approximately 50 percent of advisers

will use third-party ratings in advertisements, but we are reducing this estimate to 15 percent.¹¹ We continue to believe that these advisers will typically use one third-party rating on an annual basis. We are no longer including our prior estimate that advisers will incur an initial internal burden of 3.0 hours to draft and finalize the required disclosures for third-party ratings, as this estimate related to initial burdens of the rule only. Because many of these

ratings or rankings are done yearly (*e.g.*, 2018 Top Wealth Adviser), we continue to estimate that an adviser that continues to use a third-party rating will incur ongoing, annual costs of 0.75 burden hours to draft the third-party rating disclosure updates.¹² Table 3 summarizes the PRA estimates for the internal and external burdens associated with these requirements.

TABLE 3—THIRD-PARTY RATINGS

	Internal hour burden		Wage rate ¹	Internal time costs	Annual external cost burden
ESTIMATES FOR THIRD PARTY RATINGS					
Update required disclosures	0.375 hours	×	\$372 (compliance manager)	\$139.50	.....
	0.375 hours	×	\$440 (compliance attorney)	\$165	.....
Total burden per adviser	.75 hours	.....	.....	\$304.50	.....
Total number of affected advisers	× 2,373	.....	.....	× 2,373	.....
Total burden for third-party ratings	1,780 hours	.....	.....	\$722,579	.....

Notes:
¹ See SIFMA Report, *supra* footnote 8.

Performance Advertising

The marketing rule imposes certain conditions on the presentation of performance results in advertisements, as discussed above. Below we discuss the conditions that create “collection of information” requirements within the meaning of the PRA. First, the rule prohibits any presentation of gross performance unless the advertisement also presents net performance that meets certain criteria.¹³ Second, the rule prohibits any presentation of performance results of any portfolio or any composite aggregation of related portfolios, other than any private fund, unless the advertisement includes performance results of the same portfolio or composite aggregation for one-, five-, and ten-year periods, except that if the relevant portfolio did not exist for a particular prescribed period, then the life of the portfolio must be substituted for that period.¹⁴ Third, the rule prohibits an advertisement from including related performance, unless it includes all related portfolios, subject to a conditional exception.¹⁵ Fourth, the rule prohibits an advertisement from including extracted performance, unless

the advertisement provides, or offers to provide promptly, the performance results of the total portfolio from which the performance was extracted.¹⁶ Fifth, the rule also prohibits an advertisement from including predecessor performance, unless certain conditions are satisfied.¹⁷ Finally, the rule requires that an adviser that advertises hypothetical performance: (i) adopts and implements policies and procedures reasonably designed to ensure that the hypothetical performance is relevant to the likely financial situation and investment objectives of the intended audience of the advertisement; (ii) provide reasonably sufficient information to enable the intended audience to understand the criteria used and assumptions made in calculating such hypothetical performance; and (iii) provide (or, if the intended audience is an investor in a private fund provide, or offers to provide promptly) reasonably sufficient information to enable the intended audience to understand the risks and limitations of using such hypothetical performance in making investment decisions

We previously estimated that 95 percent, or 13,038 advisers, provide performance information in their advertisements, but we are reducing this estimate to 40 percent.¹⁸ The estimated numbers of burden hours and costs regarding performance results in advertisements may vary depending on, among other things, the complexity of the calculations, the type of performance and the risks that investors may not understand the limitations of the information, and whether preparation of the disclosures is performed by internal staff or outside counsel.

Presentation of Net Performance in Advertisements

We are no longer including our prior estimate that an investment adviser that elects to present gross performance in an advertisement will incur an initial burden of 15 hours in preparing net performance for each portfolio, including the time spent determining and deducting the relevant fees and expenses to apply in calculating the net performance and then actually running the calculations, as this estimate related to initial burdens of the rule only. Based

¹¹ See *supra* footnote 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); specifically, 2,373 advisers indicated that they include third-party ratings in their advertisements in response to Item 5.L of Form ADV. 2,373 advisers/15,555 total advisers registered as of September 2023 = approximately 15%; see also Adopting Release, *supra* footnote 1, at section IV.B.

¹² We believe that this burden will also be split evenly between an adviser’s compliance attorney and compliance manager.
¹³ Rule 206(4)–1(d).
¹⁴ *Id.* at (d)(2).
¹⁵ *Id.* at (d)(4).
¹⁶ *Id.* at (d)(5).
¹⁷ *Id.* at (d)(7).

¹⁸ See *supra* note 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); specifically, 6,186 advisers indicated that they include performance results in their advertisements in response to Item 5.L of Form ADV. 6,186 advisers/15,555 total advisers registered as of September 2023 = approximately 40%; see also Adopting Release, *supra* footnote 1, at section IV.B.

on staff experience, we estimate that the average investment adviser will present performance for 3 portfolios over the course of a year, excluding any related portfolios that an adviser may need to include for purposes of presenting related performance.¹⁹ As noted above, we estimate that 40 percent, or 6,186 advisers, provide performance information in their advertisements and thus will be subject to this collection of information burden.

We expect that the calculation of net performance may be modified every time an adviser chooses to update the advertised performance. We estimate that after initially preparing net performance for each portfolio, investment advisers will incur a burden of 3 hours to update the net performance for each subsequent presentation. For purposes of this analysis, we estimate that advisers will update the relevant performance of each portfolio 3.5 times each year.²⁰

Time Period Requirement in Advertisements

We are no longer including our prior estimate that an investment adviser that elects to present performance results in an advertisement will incur an initial burden of 35 hours in preparing performance results of the same portfolio for one-, five-, and ten-year periods (excluding private funds), taking into account that these results must be prepared on a net basis (and may also be prepared and presented on a gross basis), as this estimate related to initial burdens of the rule only. We estimate that after initially preparing one-, five-, and ten-year performance for each portfolio, investment advisers will incur a burden of 8 hours to update the performance for these time periods for each subsequent presentation. For purposes of this analysis, we estimate that advisers will update the relevant performance 3.5 times each year.²¹

Related Performance

We are no longer including our prior estimate that an investment adviser that elects to present related performance in an advertisement will incur an initial burden of 30 hours, with respect to each advertised portfolio or composite aggregation of portfolios, in preparing

the relevant performance of all related portfolios, as this estimate related to initial burdens of the rule only.

We estimate that 40 percent of advisers (or 6,186 advisers) will have other portfolios with substantially similar investment policies, objectives, and strategies as those offered in the advertisement and choose to include related performance.²² We estimate that after initially preparing related performance for each portfolio or composite aggregation of portfolios, investment advisers will incur a burden of 5 hours to update the performance for each subsequent presentation. We continue to estimate that advisers will update the relevant related performance 3.5 times each year.²³

Extracted Performance

We are no longer including our prior estimate that an investment adviser that elects to present extracted performance in an advertisement will incur an initial burden of 10 hours in preparing the performance results of the total portfolio from which the performance is extracted in order to provide or offer to provide such performance results to investors, as this estimate related to initial burdens of the rule only. For purposes of this analysis, we assume that 40 percent of advisers will include extracted performance.²⁴ We estimate that after initially preparing the performance of the total portfolio from which extracted performance is extracted, investment advisers will incur a burden of 2 hours to update the performance for each subsequent presentation. For purposes of this analysis, we estimate that advisers will update the relevant total portfolio performance 3.5 times each year.²⁵ We also estimate that registered investment advisers may incur external costs in connection with the requirement to provide performance results of a total portfolio from which extracted hypothetical performance is

extracted. We estimate that the average annual costs associated with printing and mailing this information upon request will be collectively \$592 for all documents associated with a single registered investment adviser.

Hypothetical Performance

We are no longer including our prior estimate that an investment adviser that elects to present hypothetical performance in an advertisement will incur an initial burden of 7 hours in preparing and adopting policies and procedures reasonably designed to ensure that the hypothetical performance is relevant to the likely financial situation and investment objectives of the intended audience of the advertisement, as this estimate related to initial burdens of the rule only. For purposes of this analysis, we estimate that 21 percent of advisers will include hypothetical performance in advertisements.²⁶

We continue to estimate that advisers that use hypothetical performance will disseminate advertisements containing hypothetical performance 20 times each year, including in certain one-on-one communications that meet the rule's definition of advertisement. We estimate that after adopting appropriate policies and procedures, an adviser will incur a burden of 0.25 hours to categorize investors according to their likely financial situation and investment objectives pursuant to the adviser's policies and procedures.²⁷

Additionally, we are no longer including our prior estimate that an investment adviser that elects to present hypothetical performance in an advertisement will incur an initial burden of 20 hours in preparing the information sufficient to understand the criteria used and assumptions made in calculating, as well as risks and limitations in using, the hypothetical performance, in order to provide such information, which may in certain circumstances be upon request, as this estimate related to initial burdens of the rule only. We estimate that after initially preparing the underlying information, investment advisers will incur a burden of 3 hours to update the information for

²² See *supra* footnote 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); we assume that all advisers that indicated that they include performance results, see *supra* footnote 18 and accompanying text, include related performance.

²³ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (5 hours $\times$ 3.5 times per year = 17.5 hours; 17.5 hours/2 = 8.75 hours each).

²⁴ See *supra* footnote 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); we assume that all advisers that indicated that they include performance results, see *supra* footnote 18 and accompanying text, include extracted performance.

²⁵ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (2 hours $\times$ 3.5 times per year = 7 hours; 7 hours/2 = 3.5 hours each).

²⁶ See *supra* footnote 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); specifically, 3,260 advisers indicated that they include hypothetical performance in their advertisements in response to Item 5.L of Form ADV. 3,260 advisers/15,555 total advisers registered as of September 2023 = approximately 21%; see also Adopting Release, *supra* footnote 1, at section IV.B.

²⁷ We believe that an adviser's chief compliance officer will complete this task (20 presentations per year $\times$ 0.25 hours each = 5 hours per year).

¹⁹ The burden associated with calculating net performance in connection with presenting related performance is discussed below.

²⁰ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (3 hours $\times$ 3.5 times per year = 10.5 hours; 10.5 hours/2 = 5.25 hours each).

²¹ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (8 hours $\times$ 3.5 times per year = 28 hours; 28 hours/2 = 14 hours each).

each subsequent presentation. For purposes of this analysis, we estimate that advisers will update their hypothetical performance, and thus the underlying information, 3.5 times each year.²⁸

We estimate that registered investment advisers may incur external costs in connection with the requirement to provide this underlying information upon the request of an investor or prospective investor in a private fund. We estimate that the average annual costs associated with printing and mailing this underlying information upon request will be collectively \$592 for all documents

associated with a single registered investment adviser.²⁹

Predecessor Performance

The marketing rule imposes conditions on an adviser's use of predecessor performance. We are no longer including our prior estimate that an investment adviser that elects to present predecessor performance in an advertisement will incur an initial burden of 10 hours in preparing the relevant performance results and associated disclosures, as this estimate related to initial burdens of the rule only.

We previously estimated that 2% of advisers (or 275 advisers) will include predecessor performance in an advertisement, but we are increasing this estimate to 9%.³⁰ We estimate that after initially preparing predecessor performance, investment advisers will incur a burden of 1 hour to update the relevant disclosures and performance information for each subsequent presentation. For purposes of this analysis, we estimate that advisers will update the relevant disclosures 3.5 times each year.³¹ Table 4 summarizes the PRA estimates for the internal and external burdens associated with these requirements.

TABLE 4—PERFORMANCE

	Internal hour burden		Wage rate ¹	Internal time costs	Annual external cost burden
ESTIMATES FOR NET PERFORMANCE					
Updating performance	5.25	×	\$372 (compliance manager)	\$1,953	.....
	5.25	×	\$440 (compliance attorney)	\$2,310	.....
Total burden per adviser	10.5	.....	.....	\$4,263	.....
Total number of affected advisers	×	6,186	.....	×	6,186
Sub-total burden	64,953	.....	.....	\$26,370,918	.....
ESTIMATES FOR PERFORMANCE TIME PERIOD REQUIREMENT					
Updating performance	14	×	\$372 (compliance manager)	\$5,208	.....
	14	×	\$440 (compliance attorney)	\$6,160	.....
Total burden per adviser	28	.....	.....	\$11,368	.....
Total number of affected advisers	×	6,186	.....	×	6,186
Sub-total burden	173,208	.....	.....	\$70,322,448	.....
ESTIMATES FOR RELATED PERFORMANCE					
Updating performance for all related portfolios	8.75	×	\$372 (compliance manager)	\$3,255	.....
	8.75	×	\$440 (compliance attorney)	\$3,850	.....
Total burden per adviser	17.5	.....	.....	\$7,105	.....
Total number of affected advisers	×	6,186	.....	×	6,186
Sub-total burden	108,255	.....	.....	\$43,951,530	.....
ESTIMATES FOR EXTRACTED PERFORMANCE					
Updating performance	3.5	×	\$372 (compliance manager)	\$1,302	.....
	3.5	×	\$440 (compliance attorney)	\$1,540	.....
Total burden per adviser	7	.....	.....	\$2,842	\$592
Total number of affected advisers	×	6,186	.....	×	6,186
Sub-total burden	43,302	.....	.....	\$17,580,612	\$3,662,112
ESTIMATES FOR HYPOTHETICAL PERFORMANCE					
Updating policies and procedures	5	×	\$638 (chief compliance officer)	\$3,190	.....
Updating disclosures and underlying information	5.25	×	\$372 (compliance manager)	\$1,953	.....
	5.25	×	\$440 (compliance attorney)	\$2,310	.....
Total burden per adviser	15.5	.....	.....	\$7,453	\$592
Total number of affected advisers	×	3,260	.....	×	3,260
Sub-total burden	50,530	.....	.....	\$24,296,780	\$1,929,920
ESTIMATES FOR PREDECESSOR PERFORMANCE					
Updating disclosures and performance	1.75	×	\$372 (compliance manager)	\$651	.....
	1.75	×	\$440 (compliance attorney)	\$770	.....

²⁸ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (3 hours × 3.5 times per year = 10.5 hours; 10.5 hours/2 = 5.25 hours each).

²⁹ See *supra* footnote 9 for a discussion of estimated mailing costs.

³⁰ See *supra* footnote 7 and accompanying text (explaining that we have revised our estimates in light of additional information that advisers must now report on Form ADV); specifically, 1,407 advisers indicated that they include predecessor performance in their advertisements in response to Item 5.L of Form ADV. 1,407 advisers/15,555 total

advisers registered as of September 2023 = approximately 9%. See also Adopting Release, *supra* footnote 1, at section IV.B.

³¹ We believe that this burden will be split evenly between an adviser's compliance attorney and compliance manager (1 hour × 3.5 times per year = 3.5 hours; 3.5 hours/2 = 1.75 hours each).

TABLE 4—PERFORMANCE—Continued

	Internal hour burden		Wage rate ¹	Internal time costs	Annual external cost burden
Total burden per adviser	3.5	.....	.....	\$1,421	.....
Total number of affected advisers	× 1,407	.....	.....	× 1,407	.....
Sub-total burden	4,924.5	.....	.....	\$1,999,347	.....
TOTAL ESTIMATED TIME BURDEN FOR PERFORMANCE REQUIREMENTS					
	445,173	.....	.....	\$184,521,635	\$5,592,032

Notes:¹ See SIFMA Report, *supra* footnote 8.**Total Hour Burden Associated With Rule 206(4)–1**

Accordingly, we estimate the total annual hour burden for investment advisers registered or required to be

registered with the Commission under proposed rule 206(4)–1 to prepare testimonials and endorsements, third-party ratings, and performance results disclosures will be 595,210 hours, at a time cost of \$219,833,026. The total

external burden costs would be \$5,974,582. The following chart summarizes the various components of the total annual burden for investment advisers.

TABLE 5—TOTALS

	Internal hour burden	Internal burden time cost	External cost burden
General Prohibitions	93,330	\$12,288,450	.....
Testimonials and Endorsements	54,927	22,300,362	\$382,550
Third-Party Ratings	1,780	722,579	.....
Performance	445,173	184,521,635	5,592,032
Total annual burden	595,210	219,833,026	5,974,582

Cost burden is the cost of goods and services purchased to comply with rule 206(4)–1, such as legal and accounting services. The cost burden does not include the hour burden discussed in above. Estimates are based on the Commission's examination and oversight experience. As summarized in Table 5 above, we estimate the total external cost per all advisers per year to be \$5,974,582, with the total per adviser per year to be \$384.³²

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by October 7, 2024 to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Oluwaseun Ajayi, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 30, 2024.

Sherry R. Haywood,*Assistant Secretary.*

[FR Doc. 2024–19959 Filed 9–4–24; 8:45 am]

BILLING CODE 8011–01–P**SECURITIES AND EXCHANGE COMMISSION****[SEC File No. 270–269, OMB Control No. 3235–0276]****Submission for OMB Review; Comment Request; Extension: 6c–7**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 6c–7 (17 CFR 270.6c–7) under the Investment Company Act of 1940 (15 U.S.C. 80a–1 *et seq.*) ("1940 Act") provides exemption from certain provisions of Sections 22(e) and 27 of the 1940 Act for registered separate accounts offering variable annuity

contracts to certain employees of Texas institutions of higher education participating in the Texas Optional Retirement Program. There are approximately 129 registrants governed by Rule 6c–7. The burden of compliance with Rule 6c–7, in connection with the registrants obtaining from a purchaser, prior to or at the time of purchase, a signed document acknowledging the restrictions on redeem ability imposed by Texas law, is estimated to be approximately 3 minutes per response for each of approximately 5,900 purchasers annually (at an estimated \$84 per hour),¹ for a total annual burden of 295 hours (at a total annual cost of \$24,780).

Rule 6c–7 requires that the separate account's registration statement under the Securities Act of 1933 (15 U.S.C. 77a

¹ \$84/hour figure for a Compliance Clerk is based on the Commission's estimates concerning the allocation of burden hours and the relevant wage rates from the Commission's consultations with industry representatives and on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013; the estimated wage figures are modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation; see Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

³² This estimate is based upon the following calculations: \$5,974,582 (total annual external cost burden)/15,555 (number of advisers) = \$384.

et seq.) include a representation that Rule 6c–7 is being relied upon and is being complied with. This requirement enhances the Commission’s ability to monitor utilization of and compliance with the rule. There are no recordkeeping requirements with respect to Rule 6c–7.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules or forms. The Commission does not include in the estimate of average burden hours the time preparing registration statements and sales literature disclosure regarding the restrictions on redeemability imposed by Texas law. The estimate of burden hours for completing the relevant registration statements are reported on the separate PRA submissions for those statements. (See the separate PRA submissions for Form N–3 (17 CFR 274.11b) and Form N–4 (17 CFR 274.11c).

Complying with the collection of information requirements of the rules is necessary to obtain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by October 7, 2024 to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Oluwaseun Ajayi, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 30, 2024.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–19903 Filed 9–4–24; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100873; File No. SR–PEARL–2024–35]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees for Industry Members Related to Reasonably Budgeted Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From July 16, 2024 Through December 31, 2024

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 19, 2024, MIAX PEARL, LLC (“MIAX Pearl” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the fee schedule (the “Fee Schedule”) applicable to MIAX Pearl Equities, an equities trading facility of the Exchange, to establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”) for the period from July 16, 2024 through December 31, 2024. These fees would be payable to Consolidated Audit Trail, LLC (“CAT LLC” or the “Company”) and referred to as CAT Fee 2024–1, and would be described in a section of the Exchange’s fee schedule entitled “Consolidated Audit Trail Funding Fees.” The fee rate for CAT Fee 2024–1 would be \$0.000035 per executed equivalent share. CAT Executing Brokers will

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ An “Industry Member” is defined as “a member of a national securities exchange or a member of a national securities association.” See Miami International Securities Exchange LLC (“MIAX Rule”) Rule 1701(u). The Exchange notes that MIAX Chapter XVII is incorporated by reference into the Exchange’s rulebook. As such, MIAX Chapter XVII also applies to the Exchange. See also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. See MIAX Rule 1701.

receive their first monthly invoice for CAT Fee 2024–1 in October 2024 calculated based on their transactions as CAT Executing Brokers for the Buyer (“CEBB”) and/or CAT Executing Brokers for the Seller (“CEBS”) in September 2024.

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings>, 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 July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations (“SROs”) to submit a national market system (“NMS”) plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT (“CAT Funding Model”). On September 6, 2023, the Commission approved the CAT Funding Model after

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (“CAT NMS Plan Approval Order”).

⁶ Section 11.1(b) of the CAT NMS Plan.

concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (“CAT Fees”).⁸

Under the CAT Funding Model, Participants, CEBBs and CEBs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (‘CAT Fees’) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (‘Prospective CAT Costs’).”⁹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEB would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEB from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) (“CAT Funding Model Approval Order”).

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of

The CAT Fees to be paid by CEBBs and CEBs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁷ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate.”¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

Prospective CAT Costs is appropriate.” CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEB for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–

1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a

transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0-r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.≤

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget

for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following

cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The

Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT,

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology

costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor *[sic]* on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events.

Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC

³⁵ This calculation is $(\$38,132,441 + \$43,919,730) - \$5,773,745 = \$76,278,426$.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is $\$33,217,468 + \$38,166,641 = \$71,384,109$.

³⁸ This calculation is $\$30,343,917 + \$36,393,893 = \$66,737,810$.

believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴¹ This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated [*sic*] the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024

Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer.

⁴⁵ This calculation is \$6,702,506 + \$5,906,034 = \$12,608,540.

⁴⁶ This calculation is \$26,423,306 + \$1,345,412 = \$27,768,718.

⁴⁷ This calculation is \$6,832,128 + \$6,832,128 = \$13,664,256.

⁴⁸ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴³ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) – \$1,151,230.50 = \$14,008,947.50.

⁴⁴ This calculation is \$6,726,747 + \$6,832,128 = \$13,558,875.

As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the *[sic]* first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating

fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change

requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 for the the *[sic]* first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount.

Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such

potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;

- Assist with CAT budget and FCAT costs;

- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims ("Texas Litigation");⁶⁵ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is

appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other

counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

⁶⁵ *American Securities Ass'n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget [sic] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set

forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors’ and officers’ liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC (“USI”). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [sic] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;

- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and

subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

⁸¹ This calculation is (\$157,269 + \$293,682) – \$22,406.50 = \$428,544.50.

⁸² This calculation is \$213,600 + \$182,330 = \$395,930.

⁸³ This calculation is \$110,542 + \$262,435 = \$372,977.

⁸⁰ Section 9.2 of the CAT NMS Plan.

the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [*sic*] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm’s relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (*e.g.*, congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (*e.g.*, amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based

on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for public relations costs of \$46,200 for the the [*sic*] first two quarters of 2024.⁸⁷ The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁸ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁹ to \$47,075 in

the Updated 2024 Budget.⁹⁰ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

⁹⁰ This calculation is $\$23,450 + \$23,625 = \$47,075$.

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹¹ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹²

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹³

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided

in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹⁴

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁵ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁶

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁷ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁸ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new

⁹⁴ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁵ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (i.e., by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁶ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁷ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁸ See proposed paragraph (a)(3)(B) of the fee schedule.

paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁹

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

⁹⁹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹¹ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹² CAT Funding Model Approval Order at 62651.

⁹³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”¹⁰⁰ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰¹ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a

CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰² The Plan Processor has established a billing system for CAT fees.¹⁰³

Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰⁴

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁵

Such information would provide CEBBs and CEBBs with the ability to

the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰⁴ Section 11.4 of the CAT NMS Plan.

¹⁰⁵ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁰ CAT Funding Model Approval Order at 62658, n.658.

¹⁰¹ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

¹⁰² Section 11.4 of the CAT NMS Plan.

¹⁰³ The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and

understand the details regarding the calculation of their CAT Fee.¹⁰⁶ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁷ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁸ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT

NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁹ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹¹⁰ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹¹

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented

as of October 26, 2020.”¹¹² The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;
- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;
- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;
- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;
- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;
- Manual and Electronic Capture Time for Manual Order Events;
- Special handling instructions for the original receipt or origination of an order during Phase 2a; and
- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹³

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented

¹⁰⁶In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁷Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁸Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁹Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹¹⁰The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹¹*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹²*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹³Phased Reporting Exemptive Relief Order at 23076–78.

as of January 4, 2021.”¹¹⁴ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁵

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of April 26, 2021.”¹¹⁶ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That Order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data,

or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”) scenarios, as required in the Industry Member Technical Specifications.¹¹⁷

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities

exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁸

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁹ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to

¹¹⁴ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁵ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁶ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁷ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁸ *Id.* at 23079.

¹¹⁹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹²⁰

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²¹

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order

cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²²

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²³ Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²⁴ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁵ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁶ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member

has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁷

¹²⁷ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²² See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²³ *Id.*

¹²⁴ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁵ *Id.*

¹²⁶ Phase Reporting Exemptive Relief Order at 23080.

¹²⁰ Phase Reporting Exemptive Relief Order at 23079.

¹²¹ *Id.* at 23079–80.

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System “at the initial Error Rates specified by Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁸ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁹ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹³⁰ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBBs. Like CEBBs and CEBBs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBBs as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after

receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³¹ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³² because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³³ which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³⁴ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the

Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBBs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes and not to support the Exchange’s business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry

¹²⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁹ CAT Funding Model Approval Order at 62659.

¹³⁰ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³¹ 15 U.S.C. 78f(b)(6).

¹³² 15 U.S.C. 78f(b)(4).

¹³³ 15 U.S.C. 78f(b)(8).

¹³⁴ See Section 6(b)(1) of the Exchange Act.

¹³⁵ CAT NMS Plan Approval Order at 84697.

Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁶ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁷ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁸ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent

share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁹ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting

services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹⁴⁰ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴¹ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴² Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the

¹³⁶ *Id.* at 84696.

¹³⁷ CAT Funding Model Approval Order at 62686.

¹³⁸ *Id.* at 62662–63.

¹³⁹ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹⁴⁰ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴¹ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴² CAT NMS Plan Approval Order at 84801.

Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴³

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴⁴ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information

and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁵ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁶ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁷

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁸

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁹ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services

required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁵⁰ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵¹

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵² CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵³ CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵⁴ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee

¹⁴³ See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁵ See Section 3(a)(2)(C)(ii) above.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁰ See Section 3(a)(2)(C)(iii) above.

¹⁵¹ *Id.*

¹⁵² Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵³ See Section 3(a)(2)(C)(iv) above.

¹⁵⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁵ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁶ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁷

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁸ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁹ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide

assistance in the management of various CAT matters and the processes related to such matters.¹⁶⁰ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶¹

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶² CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶³ As discussed above,¹⁶⁴ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁵

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁶ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT

Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁸

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁹

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁷⁰ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market

¹⁵⁵ See Section 3(a)(2)(C)(v) above.

¹⁵⁶ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵⁷ See Section 3(a)(2)(B)(vi) above.

¹⁵⁸ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁹ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁶⁰ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶¹ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶² Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶³ Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶⁴ See Section 3(a)(2)(C)(viii) above.

¹⁶⁵ *Id.*

¹⁶⁶ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁷ See Section 3(a)(2)(C)(ix) above.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷¹ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷² Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷³ As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷⁴ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁵ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁶

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁷ The SEC also recognized that CAT fees will

be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁸ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁹

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁸⁰ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸¹

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸² CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is

1,326,917,946,968.403 executed equivalent shares.¹⁸³

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸⁴ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁵

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per share to 0.0004 per share),¹⁸⁶ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate

¹⁸³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸⁴ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁵ See Section 3(a)(4)(A) above.

¹⁸⁶ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁷¹ See Section 3(a)(2)(C)(x) above.

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁵ CAT Funding Model Approval Order at 62657.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ See Section 3(a)(2)(C)(xi) above.

¹⁸⁰ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸¹ See Section 3(a)(2)(D) above.

¹⁸² *Id.*

any potential adverse economic effects or inefficiencies.¹⁸⁷

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁸ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁹ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization’s Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁹⁰ requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the

Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹¹ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹² and Rule 19b–4(f)(2) thereunder,¹⁹³

¹⁸⁷ *Id.*

¹⁸⁸ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁹ CAT Funding Model Approval Order at 62629.

¹⁹⁰ 15 U.S.C. 78f(b)(8).

¹⁹¹ CAT Funding Model Approval Order at 62676–86.

¹⁹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹³ 17 CFR 240.19b–4(f)(2).

because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2024-35 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-2024-35. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions;

you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2024-35 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹⁴

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19875 Filed 9-4-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100875; File No. SR-SAPPHIRE-2024-24]

Self-Regulatory Organizations; MIAx Sapphire LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees for Industry Members Related to Reasonably Budgeted Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From July 16, 2024 Through December 31, 2024

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 19, 2024, MIAx Sapphire, LLC ("MIAx Sapphire" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAx Sapphire Options Fee Schedule (the "Fee Schedule") to establish fees for Industry Members³

¹⁹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See Exchange Rule 1701(u). See also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. See Exchange Rule 1701.

related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024. These fees would be payable to Consolidated Audit Trail, LLC ("CAT LLC" or the "Company") and referred to as CAT Fee 2024-1, and would be described in a section of the Exchange's fee schedule entitled "Consolidated Audit Trail Funding Fees." The fee rate for CAT Fee 2024-1 would be \$0.000035 per executed equivalent share. CAT Executing Brokers will receive their first monthly invoice for CAT Fee 2024-1 in October 2024 calculated based on their transactions as CAT Executing Brokers for the Buyer ("CEBB") and/or CAT Executing Brokers for the Seller ("CEBS") in September 2024.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/miax-sapphire/rule-filings>, at the Exchange'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 July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT (“CAT Funding Model”). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (“CAT Fees”).⁸

Under the CAT Funding Model, Participants, CEBBs and CEBSSs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (‘CAT Fees’) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (‘Prospective CAT Costs’).”⁹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBSS would be required

to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBSS from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBSSs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBSSs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBSSs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁷ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be

charged to Industry Members calculated using such Fee Rate.”¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBSS for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (“CAT NMS Plan Approval Order”).

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) (“CAT Funding Model Approval Order”).

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments.

Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of Prospective CAT Costs is appropriate.” CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching

this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBSSs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBBs, as also discussed in detail below.

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0-r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget

for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following

cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	\$99,728,258
Cloud Hosting Services	\$76,278,426
Operating Fees	\$14,008,947.50
CAIS Operating Fees	\$9,278,384.50
Change Request Fees	\$162,500
Legal	\$4,484,554.50
Consulting	\$652,623
Insurance	\$1,342,345
Professional and administration	\$428,544.50
Public relations	\$43,225
Subtotal	\$110,781,540
Reserve	\$27,695,385
Total Budgeted CAT Costs 2024–1	\$138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The

Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT,

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs relate to the amortization of capitalized technology

costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor *[sic]* on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events.

Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC

³⁵ This calculation is $(\$38,132,441 + \$43,919,730) - \$5,773,745 = \$76,278,426$.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is $\$33,217,468 + \$38,166,641 = \$71,384,109$.

³⁸ This calculation is $\$30,343,917 + \$36,393,893 = \$66,737,810$.

believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴¹ This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated [*sic*] the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024

Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer.

⁴⁵ This calculation is \$6,702,506 + \$5,906,034 = \$12,608,540.

⁴⁶ This calculation is \$26,423,306 + \$1,345,412 = \$27,768,718.

⁴⁷ This calculation is \$6,832,128 + \$6,832,128 = \$13,664,256.

⁴⁸ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴³ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) – \$1,151,230.50 = \$14,008,947.50.

⁴⁴ This calculation is \$6,726,747 + \$6,832,128 = \$13,558,875.

As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the *[sic]* first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating

fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change

requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 for the the *[sic]* first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such

potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;

- Assist with CAT budget and FCAT costs;

- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims ("Texas Litigation");⁶⁵ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is

appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other

counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

⁶⁵ *American Securities Ass'n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget [sic] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set

forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section

11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors’ and officers’ liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC (“USI”). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [sic] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;

- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and

subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

⁸¹ This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸² This calculation is $\$213,600 + \$182,330 = \$395,930$.

⁸³ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁰ Section 9.2 of the CAT NMS Plan.

the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm’s relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based

on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for public relations costs of \$46,200 for the the [sic] first two quarters of 2024.⁸⁷ The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁸ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁹ to \$47,075 in

the Updated 2024 Budget.⁹⁰ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

⁹⁰ This calculation is $\$23,450 + \$23,625 = \$47,075$.

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,100 + \$23,100 = \$46,200$.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹¹ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹²

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹³

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided

in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹⁴

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁵ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁶

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁷ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁸ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new

⁹⁴ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁵ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁶ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁷ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁸ See proposed paragraph (a)(3)(B) of the fee schedule.

paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁹

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

⁹⁹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹¹ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹² CAT Funding Model Approval Order at 62651.

⁹³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”¹⁰⁰ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰¹ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a

CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰² The Plan Processor has established a billing system for CAT fees.¹⁰³

Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰⁴

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁵

Such information would provide CEBBs and CEBBs with the ability to

¹⁰⁰ CAT Funding Model Approval Order at 62658, n.658.

¹⁰¹ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

¹⁰² Section 11.4 of the CAT NMS Plan.

¹⁰³ The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and

the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰⁴ Section 11.4 of the CAT NMS Plan.

¹⁰⁵ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

understand the details regarding the calculation of their CAT Fee.¹⁰⁶ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁷ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁸ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT

NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁹ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹¹⁰ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹¹

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented

as of October 26, 2020.”¹¹² The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;

- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;

- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;

- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;

- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;

- Manual and Electronic Capture Time for Manual Order Events;

- Special handling instructions for the original receipt or origination of an order during Phase 2a; and

- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain

¹⁰⁶In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁷Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁸Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁹Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹¹⁰The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹¹*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹²*See, e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹³

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹⁴ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁵

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of

April 26, 2021.”¹¹⁶ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That Order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”)

scenarios, as required in the Industry Member Technical Specifications.¹¹⁷

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁸

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁹ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are

¹¹³ Phased Reporting Exemptive Relief Order at 23076–78.

¹¹⁴ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁵ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁶ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁷ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁸ *Id.* at 23079.

¹¹⁹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

options; (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹²⁰

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²¹

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²²

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²³ Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²⁴ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁵ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁶

¹²² See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²³ *Id.*

¹²⁴ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁵ *Id.*

¹²⁶ Phase Reporting Exemptive Relief Order at 23080.

LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase

¹²⁰ Phase Reporting Exemptive Relief Order at 23079.

¹²¹ *Id.* at 23079–80.

2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁷

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System “at the initial Error Rates specified by Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁸ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁹ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹³⁰ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBBs. Like CEBBs and CEBBs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBBs as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee

is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³¹ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³² because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³³ which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³⁴ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to

permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBBs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes and not to support the Exchange’s business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT

¹²⁷ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁹ CAT Funding Model Approval Order at 62659.

¹³⁰ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³¹ 15 U.S.C. 78f(b)(6).

¹³² 15 U.S.C. 78f(b)(4).

¹³³ 15 U.S.C. 78f(b)(8).

¹³⁴ See Section 6(b)(1) of the Exchange Act.

¹³⁵ CAT NMS Plan Approval Order at 84697.

Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁶ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁷ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁸ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in

the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a

part of CAT Fees.¹³⁹ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹⁴⁰ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴¹ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴² Through 2023, the actual data volumes have been five times that original

¹³⁹ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹⁴⁰ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴¹ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴² CAT NMS Plan Approval Order at 84801.

¹³⁶ *Id.* at 84696.

¹³⁷ CAT Funding Model Approval Order at 62686.

¹³⁸ *Id.* at 62662–63.

estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (*e.g.*, the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴³

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to

operating fees as a part of CAT Fees.¹⁴⁴ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁵ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁶ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁷

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁸

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁹ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to

perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁵⁰ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵¹

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵² CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵³ CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs

¹⁴⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁵ See Section 3(a)(2)(C)(ii) above.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁰ See Section 3(a)(2)(C)(iii) above.

¹⁵¹ *Id.*

¹⁵² Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵³ See Section 3(a)(2)(C)(iv) above.

¹⁴³ See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

as a part of CAT Fees.¹⁵⁴ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁵ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁶ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁷

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as

a part of CAT Fees.¹⁵⁸ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁹ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁶⁰ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶¹

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶² CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶³ As discussed above,¹⁶⁴ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided

appropriate coverage at reasonable market rates.¹⁶⁵

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁶ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁸

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the

¹⁵⁴ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁵ See Section 3(a)(2)(C)(v) above.

¹⁵⁶ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵⁷ See Section 3(a)(2)(B)(vi) above.

¹⁵⁸ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁹ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁶⁰ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶¹ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶² Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶³ Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶⁴ See Section 3(a)(2)(C)(viii) above.

¹⁶⁵ *Id.*

¹⁶⁶ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁷ See Section 3(a)(2)(C)(ix) above.

¹⁶⁸ *Id.*

budgeted costs related to such services are described above.¹⁶⁹

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁷⁰ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷¹ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷² Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷³ As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷⁴ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁵ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern.

Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁶

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁷ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁸ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁹

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁸⁰ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸¹

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share

volume for the prior 12 months.¹⁸² CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸³

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸⁴ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁵

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per

¹⁶⁹ *Id.*

¹⁷⁰ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷¹ See Section 3(a)(2)(C)(x) above.

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁵ CAT Funding Model Approval Order at 62657.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ See Section 3(a)(2)(C)(xi) above.

¹⁸⁰ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸¹ See Section 3(a)(2)(D) above.

¹⁸² *Id.*

¹⁸³ This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸⁴ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁵ See Section 3(a)(4)(A) above.

share to 0.0004 per share),¹⁸⁶ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁷

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁸ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁹ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT

Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization’s Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁹⁰ requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹¹ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

¹⁸⁶ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682, n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁷ *Id.*

¹⁸⁸ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁹ CAT Funding Model Approval Order at 62629.

¹⁹⁰ 15 U.S.C. 78f(b)(8).

¹⁹¹ CAT Funding Model Approval Order at 62676–86.

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 Exchange Act¹⁹² and Rule 19b-4(f)(2) thereunder,¹⁹³ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-SAPPHIRE-2024-24 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to file number SR-SAPPHIRE-2024-24. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-SAPPHIRE-2024-24 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹⁴

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19877 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100874; File No. SR-PHLX-2024-42]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees Related to Certain Prospective Costs of the National Market System Plan Governing the Consolidated Audit Trail

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 15, 2024, Nasdaq PHLX LLC ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹⁹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024, as described further below.

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the Commission approved the CAT NMS

³ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See Nasdaq Rule General 7(u) (PHLX General 7 incorporates The Nasdaq Stock Market LLC Rule General 7 by reference); see also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. Nasdaq Rule General 7 (Consolidated Audit Trail Compliance).

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

¹⁹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹³ 17 CFR 240.19b-4(f)(2).

Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT (“CAT Funding Model”). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (“CAT Fees”).⁸

Under the CAT Funding Model, Participants, CEBBs and CEBSSs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (“CAT Fees”) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (“Prospective CAT Costs”).”⁹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBSS would be required to pay the fee for each transaction in

Eligible Securities executed by the CEBB or CEBSS from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBSSs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBSSs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBSSs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁷ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated

using such Fee Rate.”¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBSS for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (“CAT NMS Plan Approval Order”).

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) (“CAT Funding Model Approval Order”).

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments.

Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of Prospective CAT Costs is appropriate.” CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching

this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBSSs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–

1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a

transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0–r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating

Committee approved an annual budget for 2024 for CAT LLC in December 2023 (“Original 2024 Budget”).²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 (“Updated 2024 Budget”).²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following

cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief

description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/>

[default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf](https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf)).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were “appropriately excluded,” such excluded costs

relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (“AWS”), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (“Plan Processor Agreement”), FINRA CAT, LLC (“FCAT”), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT’s subcontractor [sic] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per

day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were

³⁵ This calculation is $(\$38,132,441 + \$43,919,730) - \$5,773,745 = \$76,278,426$.

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is $\$33,217,468 + \$38,166,641 = \$71,384,109$.

\$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating

³⁸ This calculation is $\$30,343,917 + \$36,393,893 = \$66,737,810$.

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is $\$39,961,511 + \$43,278,488 = \$83,239,999$.

⁴¹ This calculation is $\$38,132,441 + \$43,919,730 = \$82,052,171$.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and

- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated *[sic]* the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50. The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of

2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated 2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying

⁴⁴ This calculation is \$6,726,747 + \$6,832,128 = \$13,558,875.

⁴⁵ This calculation is \$6,702,506 + \$5,906,034 = \$12,608,540.

⁴⁶ This calculation is \$26,423,306 + \$1,345,412 = \$27,768,718.

⁴⁷ This calculation is \$6,832,128 + \$6,832,128 = \$13,664,256.

⁴⁸ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

⁴³ This calculation is (\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) – \$1,151,230.50 = \$14,008,947.5.

Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer. As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's CAIS-related services on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the *[sic]* first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT

LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests

in accordance with the Plan Processor Agreement. The budget for change requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 *[sic]* first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount.

Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related

contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in

the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) and Jenner & Block LLP (“Jenner”), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

orders, Plan Processor Agreement items, and subcontract matters;

- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;

- Assist with CAT budget and FCAT costs;

- Assist other counsel for CAT on litigation-related matters; and

- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims ("Texas Litigation");⁶⁵ (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation

involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract

matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC's proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating

⁶⁵ *American Securities Ass'n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget [sic] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted

amounts for consulting services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating

Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors’ and officers’ liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC (“USI”). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate *[sic]* bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets,

including budget to actual fluctuation analyses;

- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third

and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in

⁸¹ This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸² This calculation is $\$213,600 + \$182,330 = \$395,930$.

⁸³ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁰ Section 9.2 of the CAT NMS Plan.

the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm’s relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based

on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$46,200.⁸⁷ They are the same.

Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁸ to \$47,075 in the Updated 2024 Budget.⁸⁹ The minor change was made to reflect updated contractual terms.

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

“reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹⁰ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹¹

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹²

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹³

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total

executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁴ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁵

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁶ A CEBB’s or CEBS’s fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁷ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange’s fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT

Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB’s CAT Fee or CEBS’s CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁸

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”⁹⁹ Accordingly, proposed paragraph

⁹⁰ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹¹ CAT Funding Model Approval Order at 62651.

⁹² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

⁹³ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁴ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (i.e., by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁵ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁷ See proposed paragraph (a)(3)(B) of the fee schedule.

⁹⁸ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁹ CAT Funding Model Approval Order at 62658, n.658.

(a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰⁰ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

¹⁰⁰ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰¹ The Plan Processor has established a billing system for CAT fees.¹⁰² Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated

¹⁰¹ Section 11.4 of the CAT NMS Plan.

¹⁰² The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰³

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁴

Such information would provide CEBBs and CEBSs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁵ CAT

¹⁰³ Section 11.4 of the CAT NMS Plan.

¹⁰⁴ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁵ In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their

Continued

LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁶ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁷ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section

invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁶ Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁷ Section 11.3(a)(iii)(C) of the CAT NMS Plan.

6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁸ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹⁰⁹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹⁰

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented as of October 26, 2020.”¹¹¹ The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes

¹⁰⁸ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹⁰⁹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹⁰ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹¹ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;
- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;
- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;
- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;
- The link between the street side representative order and the order being represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;
- Manual and Electronic Capture Time for Manual Order Events;
- Special handling instructions for the original receipt or origination of an order during Phase 2a; and
- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹²

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹³ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes

¹¹² Phased Reporting Exemptive Relief Order at 23076–78.

¹¹³ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member's order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁴

(iii) Phase 2c

The Quarterly Progress Reports state that "Phase 2c was implemented as of April 26, 2021."¹¹⁵ The Phase 2c Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. That Order states that "Phase 2c Industry Member Data" is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to:

(1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA's Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a); (9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System ("OMS")—Execution Management System ("EMS") scenarios, as required in the Industry Member Technical Specifications.¹¹⁶

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for

unlisted equity securities to an "interdealer quotation system," as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁷

(iv) Phase 2d

The Quarterly Progress Reports state that "Phase 2d was fully implemented as of December 13, 2021."¹¹⁸ The Phase 2d Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2d Industry Member Data" is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a

¹¹⁴ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁵ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁶ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁷ *Id.* at 23079.

¹¹⁸ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter's order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹¹⁹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²⁰

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating

the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²¹

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²² Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15, 2024.¹²³ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁴ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁵ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of

the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁶

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System "at the initial Error Rates specified by

¹²¹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²² *Id.*

¹²³ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁴ *Id.*

¹²⁵ Phase Reporting Exemptive Relief Order at 23080.

¹¹⁹ Phase Reporting Exemptive Relief Order at 23079.

¹²⁰ *Id.* at 23079–80.

¹²⁶ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

Section 6.5(d)(i) or less.” The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁷ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁸ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹²⁹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate that applies to CEBBs and CEBSS. Like CEBBs and CEBSS, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant’s fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSS as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the “Payment Date”). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is

paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³⁰ which requires, among other things, that the Exchange’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³¹ because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³² which requires that the Exchange’s rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be “so organized and [have] the capacity to be able to carry out the purposes” of the Act and “to comply, and . . . to enforce compliance by its members and persons associated with its members,” with the provisions of the Exchange Act.¹³³ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange’s facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection

of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁴ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBSS are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission’s view that regulatory fees be used for regulatory purposes and not to support the Exchange’s business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that “[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.” Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes

¹²⁷ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁸ CAT Funding Model Approval Order at 62659.

¹²⁹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹³⁰ 15 U.S.C. 78f(b)(6).

¹³¹ 15 U.S.C. 78f(b)(4).

¹³² 15 U.S.C. 78f(b)(8).

¹³³ See Section 6(b)(1) of the Exchange Act.

¹³⁴ CAT NMS Plan Approval Order at 84697.

that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan “is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.”¹³⁵ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁶ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁷ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the

Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁸ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT,

the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹³⁹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴⁰ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴¹ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of

¹³⁹ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴⁰ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴¹ CAT NMS Plan Approval Order at 84801.

¹³⁵ *Id.* at 84696.

¹³⁶ CAT Funding Model Approval Order at 62686.

¹³⁷ *Id.* at 62662–63.

¹³⁸ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴²

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴³ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars)

and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁴ CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁵ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁶

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁷

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁸ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁴⁹ The services to be

performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵⁰

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵¹ CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵² CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵³ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁴ CAT LLC determined that these budgeted costs are reasonable and should be included

¹⁴² See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁴ See Section 3(a)(2)(C)(ii) above.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁹ See Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*

¹⁵¹ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵² See Section 3(a)(2)(C)(iv) above.

¹⁵³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁴ See Section 3(a)(2)(C)(v) above.

as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁵ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁶

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁷ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁸ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁵⁹ CAT LLC determined

the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶⁰

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶¹ CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶² As discussed above,¹⁶³ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁴

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁵ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In

addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁶

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁸

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁶⁹ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues

¹⁵⁵ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵⁶ See Section 3(a)(2)(B)(vi) above.

¹⁵⁷ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁸ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁵⁹ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶⁰ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶¹ Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶² Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶³ See Section 3(a)(2)(C)(viii) above.

¹⁶⁴ *Id.*

¹⁶⁵ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁶ See Section 3(a)(2)(C)(ix) above.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

related to the CAT discussed on the public record.¹⁷⁰ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷¹ Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷² As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷³ CAT LLC determined that the inclusion of a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁴ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁵

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁶ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available

to address funding needs related to this three-month delay.¹⁷⁷ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁸

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁷⁹ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸⁰

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸¹ CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸²

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸³ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁴

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per share to 0.0004 per share),¹⁸⁵ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁶

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it

¹⁸³ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁴ See Section 3(a)(4)(A) above.

¹⁸⁵ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁶ *Id.*

¹⁷⁰ See Section 3(a)(2)(C)(x) above.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

¹⁷⁴ CAT Funding Model Approval Order at 62657.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See Section 3(a)(2)(C)(xi) above.

¹⁷⁹ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸⁰ See Section 3(a)(2)(D) above.

¹⁸¹ *Id.*

¹⁸² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁷ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁸ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated

pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁸⁹ requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise

competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹⁰ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹¹ and Rule 19b–4(f)(2) thereunder,¹⁹² because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the

¹⁹⁰ CAT Funding Model Approval Order at 62676–86.

¹⁹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹² 17 CFR 240.19b–4(f)(2).

¹⁸⁷ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁸ CAT Funding Model Approval Order at 62629.

¹⁸⁹ 15 U.S.C. 78f(b)(8).

Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PHLX-2024-42 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to file number SR-PHLX-2024-42. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PHLX-2024-42 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹³

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-19876 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100871; File No. SR-NASDAQ-2024-047]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Fees Related to Certain Prospective Costs of the National Market System Plan Governing the Consolidated Audit Trail

August 29, 2024.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 15, 2024, 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 and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to establish fees for Industry Members³ related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan") for the period from July 16, 2024 through December 31, 2024, as described further below.

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.

¹⁹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ An "Industry Member" is defined as "a member of a national securities exchange or a member of a national securities association." See Nasdaq Rule General 7(u); see also Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. Nasdaq Rule General 7 (Consolidated Audit Trail Compliance).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations ("SROs") to submit a national market system ("NMS") plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.⁴ On November 15, 2016, the Commission approved the CAT NMS Plan.⁵ Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.⁶ The Operating Committee adopted a revised funding model to fund the CAT ("CAT Funding Model"). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.⁷

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two

⁴ Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

⁵ Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) ("CAT NMS Plan Approval Order").

⁶ Section 11.1(b) of the CAT NMS Plan.

⁷ Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) ("CAT Funding Model Approval Order").

categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (“Historical CAT Assessment” fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (“CAT Fees”).⁸

Under the CAT Funding Model, Participants, CEBBs and CEBs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. “The Operating Committee will establish fees (‘CAT Fees’) to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants (‘Prospective CAT Costs’).”⁹ In establishing a CAT Fee, the Operating Committee will calculate a “Fee Rate” for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBs would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBs from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.¹⁰

The CAT Fees to be paid by CEBBs and CEBs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.¹¹ The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted

CAT costs.¹² Participants would be subject to the same Fee Rate as CEBBs and CEBs.¹³ While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹⁴ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹⁵ Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.¹⁶

CAT LLC proposes to charge CEBBs and CEBs (as described in more detail below) CAT Fee 2024–1 to recover the reasonably budgeted CAT costs for July 16, 2024 through December 31, 2024, in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to “file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as ‘Consolidated Audit Trail Funding Fees.’”¹⁷ The Plan further states that “[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate.”¹⁸ Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2024–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2024–1 will be charged to each CEBB and CEBs for each applicable transaction in Eligible Securities.¹⁹ The CAT NMS Plan defines a “CAT Executing Broker” to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.²⁰

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)²¹

No.	Field name	Data type	Description	Include key
12.n.8/13.n.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

⁸ Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2024–1 related to reasonably budgeted CAT costs for the period from July 16, 2024 through December 31, 2024 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

⁹ Section 11.3(a) of the CAT NMS Plan.

¹⁰ In approving the CAT Funding Model, the Commission stated that, “[t]he proposed recovery of

Prospective CAT Costs is appropriate.” CAT Funding Model Approval Order at 62651.

¹¹ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

¹² Section 11.3(a)(ii)(A) of the CAT NMS Plan.

¹³ Section 11.3(a)(ii) of the CAT NMS Plan.

¹⁴ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁵ CAT Funding Model Approval Order at 62659.

¹⁶ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹⁷ Section 11.1(b) of the CAT NMS Plan.

¹⁸ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹⁹ In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was reasonable. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the

calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA’s equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 62629.

²⁰ Section 1.1 of the CAT NMS Plan. Note that CEBBs and CEBs may, but are not required to, pass-through their CAT Fees to their clients, who may, in turn, pass their fees to their clients until they are imposed ultimately on the account that executed the transaction. See CAT Funding Model Approval Order at 62649.

OPTION TRADE (OT)²²

No.	Field name	Data type	Description	Include key
16.n.13/17.n.13	member	Member Alias	The identifier for the member firm that is responsible for the order ..	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing

Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)²³

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2024–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2024–1 (“Fee Rate 2024–1”) by dividing the reasonably budgeted CAT costs (“Budgeted CAT Costs 2024–1”) for the period from July 16, 2024 through December 31, 2024 (“CAT Fee 2024–1 Period”) by the reasonably projected total executed share volume of all transactions in Eligible Securities for the four-month recovery period, as discussed in detail below.²⁴ Based on this calculation, the Operating Committee has determined that Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of \$0.000035 per executed equivalent share that will be assessed to CEBBs and CEBs, as also discussed in detail below.

(A) CAT Fee 2024–1 Period

CAT LLC proposes to implement CAT Fee 2024–1 as the first CAT Fee related to Prospective CAT Costs. CAT LLC proposes to commence CAT Fee 2024–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2024–1 “would be calculated as described in paragraph II” of Section 11.3(a)(i)(A) of the CAT NMS Plan, which states that “[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably

projected total executed equivalent share volume of all transactions in Eligible Securities for the remainder of the year.”²⁵ For CAT Fee 2024–1, the reasonably budgeted CAT costs for “the remainder of the year” are the reasonably budgeted CAT costs from July 16, 2024 through December 31, 2024. This period is referred to as the CAT Fee 2024–1 Period. Such costs would be recovered over a four-month period, where the first invoices are sent in October 2024 based on transactions in September 2024.

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.*, 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.²⁶

(C) Budgeted CAT Costs 2024–1

The CAT NMS Plan states that “[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be

incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.”²⁷ Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to “include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.” Section 11.1(a)(i) of the CAT NMS Plan further states that:

[w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2024 for CAT LLC in December 2023

²¹ See Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.1.0–r21 (Apr. 15, 2024), https://www.catnmsplan.com/sites/default/files/2024-04/04.15.2024-CAT_Reporting_Technical_Specifications_for_Participants_4.1.0-r21.pdf (“CAT Reporting Technical Specifications for Plan Participants”).

²² See Table 51, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

²³ See Table 61, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

²⁴ Section 11.3(a)(i) of the CAT NMS Plan.

²⁵ Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

²⁶ Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that “the use of executed equivalent share volume as the basis of the proposed cost allocation methodology is reasonable and consistent with the approach taken by the funding principles of the CAT NMS Plan.” CAT Funding Model Approval Order at 62640.

²⁷ Section 11.3(a)(i)(C) of the CAT NMS Plan.

("Original 2024 Budget").²⁸ In August 2024, the Operating Committee approved an updated budget for 2024 ("Updated 2024 Budget").²⁹ The Updated 2024 Budget includes actual costs for each category for the months of January through July 2024, with estimated costs for the remaining months of 2024. The Operating Committee also approved the budgeted CAT costs for the CAT Fee 2024–1 Period (*i.e.*, Budgeted CAT Costs 2024–1), which are a subset of the costs set forth in the Updated 2024 Budget.

As described in detail below, the Budgeted CAT Costs 2024–1 would be \$138,476,925. CEBBs collectively will

be responsible for one-third of the Budgeted CAT Costs 2024–1 (which is \$46,158,975), and CEBBs collectively will be responsible for one-third of Budgeted CAT Costs 2024–1 (which is \$46,158,975).

The following describes in detail Budgeted CAT Costs 2024–1 for the CAT Fee 2024–1 Period. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following:

the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services,

operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.³⁰

Each of the costs described below are reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down Budgeted CAT Costs 2024–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.³¹

Budget category	Budgeted CAT costs 2024–1 *
Capitalized Developed Technology Costs **	\$4,101,990
Technology Costs:	99,728,258
Cloud Hosting Services	76,278,426
Operating Fees	14,008,947.50
CAIS Operating Fees	9,278,384.50
Change Request Fees	162,500
Legal	4,484,554.50
Consulting	652,623
Insurance	1,342,345
Professional and administration	428,544.50
Public relations	43,225
Subtotal	110,781,540
Reserve	27,695,385
Total Budgeted CAT Costs 2024–1	138,476,925

* Budgeted CAT Costs 2024–1 described in this table of costs were determined based an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

** The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2024–1 Period have been appropriately excluded from the above table.³²

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period from July 16, 2024 through December 31, 2024, CAT LLC will use the proceeds from the CAT Fee 2024–1 and the related Participant CAT fees to repay such notes.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant

to Section 11.1(a) of the CAT NMS Plan that included \$76,278,426 in technology costs for cloud hosting services for the CAT Fee 2024–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. ("AWS"), during the CAT Fee 2024–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT ("Plan Processor Agreement"), FINRA CAT, LLC ("FCAT"), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT's

subcontractor [*sic*] on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. It is anticipated that AWS will provide a broad array of cloud hosting services for the CAT, including data ingestion, data management, and analytic tools during the CAT Fee 2024–1 Period. Services provided by AWS include storage services, databases, compute services and other services

²⁸ The Original 2024 Budget is available on the CAT website (<https://www.catnmsplan.com/sites/default/files/2024-07/07.09.2024-CAT%20LLC-2024-Financial-and-Operating-Budget.pdf>).

²⁹ The Updated 2024 Budget is available on the CAT website (https://www.catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf).

³⁰ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

³¹ Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

³² With respect to certain costs that were "appropriately excluded," such excluded costs relate to the amortization of capitalized technology

costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

(such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. AWS will perform cloud hosting services for both the CAT transaction database as well as the CAT Customer and Account Information System (“CAIS”) during the CAT Fee 2024–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data. The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT 2024–1 Period, it is expected that AWS will provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it “must be sized to receive[,] process and load more than 58 billion records per day,”³³ and that “[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.”³⁴ In contrast with those estimates, the Q1 2024 data volumes, which averaged 577 billion events per day, were up 45% compared to Q1 2023, which averaged 399 billion events per day, with peak volumes recorded on April 19, 2024 of 746 billion events. Even higher peak volumes were recorded in July and August 2024.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2024–1 Period will be approximately \$76,278,426. The budget for cloud hosting services costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for cloud hosting services costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the cloud hosting services costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).³⁵

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2024–1 Period based on an assumption of 30% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for CAIS. CAT LLC determined these growth assumptions in coordination with FCAT based on an analysis of a variety of existing data and alternative

growth scenarios. In addition, the budget for cloud hosting services for the CAT Fee 2024–1 Period includes a budget for the cost of re-processing data as approved by the CAT Operating Committee.³⁶ The budget for re-processing data was based on expenditures for re-processing in prior years. This process for estimating the budget for cloud hosting services costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for cloud hosting services of \$71,384,109 for the first two quarters of 2024.³⁷ The actual costs for cloud hosting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$66,737,810.³⁸ There is only an approximate 7% difference between the estimate and actuals for cloud hosting services costs. Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. CAT LLC’s proposed annual budget for cloud hosting services costs for 2024 decreased about 3.5% from the Original 2024 Budget to the Updated 2024 Budget, from \$154,624,108 to \$148,789,981. Although there were expected cost increases related to data volume growth and the associated compute and storage of the increased data levels, as well as from additional capacity for OTQT systems that were added to meet the performance standards set forth in the requirements of the recent SEC exemptive order from November 2023,³⁹ these cost increases were offset by a variety of cost reduction efforts related to compute efficiencies, the implementation of single pass linker

related to options quotes, and the implementation of compute and other efficiencies related to CAIS. Without such cost management efforts, the budgeted costs for cloud hosting services would have increased by approximately 15%, rather than decreased. Correspondingly, the proposed budget for cloud hosting services costs for the third and fourth quarters of 2024 did not change in a material way from the Original 2024 Budget to the Updated 2024 Budget. There was only an approximate 1% decrease from \$83,239,999 in the Original 2024 Budget⁴⁰ to \$82,052,171 in the Updated 2024 Budget for the third and fourth quarters of 2024.⁴¹

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$14,008,947.50 in technology costs for operating fees for the CAT Fee 2024–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as

³⁶ Appendix D–19 of the CAT NMS Plan states that “[i]f corrections are received after T+5, Participants’ regulatory staff and the SEC must be notified and informed as to how re-processing will be completed. The Operating Committee will be involved with decisions on how to re-process the data; however, this does not relieve the Plan Processor of notifying the Participants’ regulatory staff and the SEC.”

³⁷ This calculation is \$33,217,468 + \$38,166,641 = \$71,384,109.

³⁸ This calculation is \$30,343,917 + \$36,393,893 = \$66,737,810.

³⁹ Securities Exchange Act Rel. No. 98848 (Nov. 2, 2023), 88 FR 77128 (Nov. 8, 2023).

⁴⁰ This calculation is \$39,961,511 + \$43,278,488 = \$83,239,999.

⁴¹ This calculation is \$38,132,441 + \$43,919,730 = \$82,052,171.

³³ Appendix D–4 of the CAT NMS Plan at n.262.

³⁴ Appendix D–5 of the CAT NMS Plan.

³⁵ This calculation is (\$38,132,441 + \$43,919,730) – \$5,773,745 = \$76,278,426.

required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;

- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts and exemptive requests regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated [*sic*] the budget for the FCAT technology costs for operating fees for the CAT Fee 2024–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Exegy. It is anticipated that the operating fees costs for the CAT Fee 2024–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Exegy Incorporated (“Exegy”). CAT LLC determined that Exegy would provide market data that included all data elements required by the CAT NMS Plan,⁴² and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Exegy for the CAT Fee 2024–1 Period based on the monthly rate set forth in the agreement between Exegy and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2024–1 Period will be approximately \$14,008,947.50.

The budget for operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for operating fees for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual operating fees incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁴³

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2024–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Exegy. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for operating fees of \$13,558,875 for the first two quarters of 2024.⁴⁴ The actual costs for operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$12,608,540.⁴⁵ There was an approximate 7% decrease from estimates to actuals for the first two quarters. Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the operating fees from the Original 2024 Budget. CAT LLC’s proposed annual budget for operating fees for 2024 increased from \$27,223,132 to \$27,768,718⁴⁶ from the Original 2024 Budget to the Updated 2024 Budget, and the proposed budget for operating fees for the third and fourth quarters of 2024 increased from \$13,664,256 in the Original 2024 Budget⁴⁷ to \$15,160,178 in the Updated

2024 Budget.⁴⁸ This increase is due to a cyber insurance adjustment.

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$9,278,384.50 in technology costs for CAIS operating fees for the CAT Fee 2024–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of CAIS, and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.*, management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Customer Identifying Information and Customer Account Information in a database separate from the transactional database and to create a CAT-Customer-ID for each Customer. As of May 31, 2024, the implementation of CAIS was completed.⁴⁹

During the CAT Fee 2024–1 Period, it is anticipated that FCAT will provide CAIS-related services. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for CAIS-related services provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT’s CAIS-related services on an arm’s length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2024–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of CAIS.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2024–1 Period will be approximately \$9,278,384.50. The budget for CAIS operating fees during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for CAIS operating fees for the third and fourth

⁴³ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) - \$1,151,230.50 = \$14,008,947.5$.

⁴⁴ This calculation is $\$6,726,747 + \$6,832,128 = \$13,558,875$.

⁴⁵ This calculation is $\$6,702,506 + \$5,906,034 = \$12,608,540$.

⁴⁶ This calculation is $\$26,423,306 + \$1,345,412 = \$27,768,718$.

⁴⁷ This calculation is $\$6,832,128 + \$6,832,128 = \$13,664,256$.

⁴⁸ This calculation is $(\$6,907,383 + \$904,664) + (\$6,907,383 + \$440,748) = \$15,160,178$.

⁴⁹ For a discussion of the implementation timeline for CAIS, see CAT Alert 2023–01.

⁴² See Section 6.5(a)(ii) of the CAT NMS Plan.

quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual CAIS operating fees costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁰

CAT LLC calculated the budget for FCAT's CAIS-related services for the CAT Fee 2024–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2024 Budget. The Original 2024 Budget estimated a budget for CAIS operating fees of \$10,418,666 for the the [sic] first two quarters of 2024.⁵¹ The actual costs for CAIS operating fees for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$10,078,045.⁵² There is only an approximate 3% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the CAIS operating fees from the Original 2024 Budget. CAT LLC's proposed annual budget for CAIS operating fees for 2024 had a small 2% percent decrease of \$491,821 from the Original 2024 Budget to the Updated 2024 Budget, from \$20,691,740 to \$20,199,919. Correspondingly, the proposed budget for CAIS operating fees for the third and fourth quarters of 2024 had a small 1% percentage decrease of \$151,202, from \$10,273,076 in the Original 2024 Budget⁵³ to \$10,121,874 in the Updated 2024 Budget.⁵⁴

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a

Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$162,500 in technology costs for change request fees for the CAT Fee 2024–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

During the CAT Fee 2024–1 Period, it is anticipated that CAT LLC will engage FCAT to pursue certain change requests in accordance with the Plan Processor Agreement. The budget for change requests for the CAT Fee 2024–1 Period includes a placeholder of \$162,500 for potential change request fees that may be necessary in accordance with the Plan Processor Agreement. The placeholder amount was determined based on prior experience with change requests related to the CAT.

CAT LLC estimates that the budget for change requests during the CAT Fee 2024–1 Period will be approximately \$162,500. The budget for change requests during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the change requests for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual change request costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁵⁵

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2024–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2024–1 Period is the same

process by which CAT LLC estimated the change requests cost for the Original 2024 Budget. The Original 2024 Budget estimated a change request budget of \$81,250 [sic] first two quarters of 2024.⁵⁶ The actual costs for change requests for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$0. Although the budget exceeded the actual costs of change requests during the first two quarters of 2024, CAT LLC believes that the process for estimating a placeholder amount for potential change requests is reasonable given the evolving technology needs of the CAT.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the change request fees from the Original 2024 Budget. CAT LLC's proposed annual budget for change requests for 2024 decreased by \$81,250 from the Original 2024 Budget to the Updated 2024 Budget, from \$243,750 to \$162,500. CAT LLC has reduced the annual budget for a placeholder for change request fees for 2024 by one-third, as time has passed without additional change requests anticipated by this placeholder amount. Correspondingly, the proposed budget for change requests for the third and fourth quarters remained the same at \$162,500 for the Original 2024 Budget⁵⁷ and the Updated 2024 Budget.⁵⁸

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,101,990 in technology costs for capitalized developed technology costs for the CAT Fee 2024–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software

⁵⁰ This calculation is $(\$5,060,937 + \$5,060,937) - \$843,489.50 = \$9,278,384.50$.

⁵¹ This calculation is $\$5,282,128 + \$5,136,538 = \$10,418,666$.

⁵² This calculation is $\$5,017,108 + \$5,060,937 = \$10,078,045$.

⁵³ This calculation is $\$5,136,538 + \$5,136,538 = \$10,273,076$.

⁵⁴ This calculation is $\$5,060,937 + \$5,060,937 = \$10,121,874$.

⁵⁵ This calculation is $(\$0 + \$162,500) - \$0 = \$162,500$.

⁵⁶ This calculation is $\$0 + \$81,250 = \$81,250$.

⁵⁷ This calculation is $\$81,250 + \$81,250 = \$162,500$.

⁵⁸ This calculation is $\$0 + \$162,500 = \$162,500$.

license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2024–1 Period will be approximately \$4,101,990. The budget for capitalized developed technology costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for capitalized developed technology costs for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual capitalized developed technology costs incurred in July 2024 (as CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁵⁹

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. The Original 2024 Budget estimated a budget for capitalized developed technology costs of \$2,300,000 for the first two quarters of 2024.⁶⁰ The actual costs for capitalized developed technology costs for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,659,490.⁶¹ The increase was due to a software license fee for CAIS. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in capitalized developed technology costs from the Original 2024 Budget. CAT LLC's proposed budget for capitalized developed technology costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for capitalized developed

technology costs for 2024 increased by \$5,461,480 from the Original 2024 Budget of \$2,300,000 to the Updated 2024 Budget of \$7,761,480.⁶² Correspondingly, the budget for capitalized developed technology costs for the third and fourth quarters of 2024 increased from \$0⁶³ in the Original 2024 Budget to \$4,101,990 in the Updated 2024 Budget.⁶⁴ This increase in the capitalized developed technology costs budget in the Updated 2024 Budget over the Original 2024 Budget was the result of costs related to the software license fee for CAIS in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$4,484,554.50 in legal costs for the CAT Fee 2024–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale") and Jenner & Block LLP ("Jenner"), during the CAT Fee 2024–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2024–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters;
- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Assist with CAT budget and FCAT costs;
- Assist other counsel for CAT on litigation-related matters; and
- Assist with legal responses related to third-party data requests.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, information related to pending legal issues and potential future legal issues, and discussions with WilmerHale.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2024–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2024–1 Period based on among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2024–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense

⁵⁹ This calculation is $(\$3,810,990 + \$291,000) - \$0 = \$4,101,990$.

⁶⁰ This calculation is $\$2,300,000 + \$0 = \$2,300,000$.

⁶¹ This calculation is $\$2,300,000 + \$1,359,490 = \$3,659,490$.

⁶² This calculation is $\$2,591,000 + \$5,170,480 = \$7,761,480$.

⁶³ This calculation is $\$0 + \$0 = \$0$.

⁶⁴ This calculation is $\$3,810,990 + \$291,000 = \$4,101,990$.

against a lawsuit filed in the Western District of Texas against Chair Gensler, the SEC and CAT LLC challenging the validity of the Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims (“Texas Litigation”);⁶⁵ (2) CAT LLC’s intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC’s approval of the CAT Funding Model;⁶⁶ and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC’s May 20, 2024 order⁶⁷ granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.⁶⁸ Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2024–1 Period through an analysis of a variety of factors, including Jenner fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with Jenner.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2024–1 Period will be approximately \$4,484,554.50. The budget for legal services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the legal services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual legal costs incurred in July 2024 (as the CAT Fee 2024–1 Period began halfway through July, on July 16, 2024).⁶⁹

CAT LLC estimated the budget for the legal services for the CAT Fee 2024–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues, and discussions with the law firms. This

process for estimating the budget for the legal services for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2024 Budget. The Original 2024 Budget estimated a budget for legal costs of \$2,440,000 for the first two quarters of 2024.⁷⁰ The actual costs for legal services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$3,156,762.⁷¹ Although there is an increase from the budgeted legal costs to the actual legal costs for the first two quarters of 2024, such increase was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. Accordingly, CAT LLC believes that the process for estimating the budgeted legal costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the legal costs from the Original 2024 Budget. CAT LLC’s proposed budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget. The annual budget for legal costs for 2024 increased from the Original 2024 Budget to the Updated 2024 Budget, from \$4,460,000 to \$8,146,599. Correspondingly, the proposed budget for legal costs for the third and fourth quarters increased from \$2,020,000⁷² in the Original 2024 Budget to \$4,989,837 in the Updated 2024 Budget.⁷³ This increase in the legal budget in the Updated 2024 Budget from the Original 2024 Budget was primarily due to unanticipated legal

costs, including costs related to (1) the legal defense related to the Texas Litigation; and (2) additional regulatory and corporate legal issues, including (a) additional work for commercial contract-related matters, including change orders, Plan Processor Agreement items, and subcontract matters; (b) assistance regarding budget and FCAT costs; (c) assistance to other counsel for CAT on litigation-related matters; and (d) assistance related to CAT fee filings and CAT NMS Plan amendments. In addition, CAT LLC no longer anticipates incurring legal costs related to the law firms of Pillsbury Winthrop Shaw Pittman LLP and Covington & Burling LLP during the CAT Fee 2024–1 Period due to the conclusion of the relevant prior legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$652,623 in consulting costs for the CAT Fee 2024–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (“Deloitte”) as project manager during the CAT Fee 2024–1 Period. These consulting costs include costs for advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses.

It is anticipated that the costs for CAT during CAT Fee 2024–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2024–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte’s fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte’s performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2024–1 Period, including the following:

⁶⁵ *American Securities Ass’n v. Securities and Exchange Commission*, Case No. 23–13396 (11th Cir.).

⁶⁶ *Davidson v. Gensler*, Case No. 6:24–cv–197 (W.D. Tex.).

⁶⁷ Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

⁶⁸ *Citadel Securities LLC v. United States Securities and Exchange Commission*, Case No. 24–12300 (11th Cir.).

⁶⁹ This calculation is $(\$2,647,277 + \$2,342,562) - \$505,284.50 = \$4,484,554.50$.

⁷⁰ This calculation is $\$1,220,000 + \$1,220,000 = \$2,440,000$.

⁷¹ This calculation is $\$791,912 + \$2,364,850 = \$3,156,762$.

⁷² This calculation is $\$1,047,500 + \$972,500 = \$2,020,000$.

⁷³ This calculation is $\$2,647,277 + \$2,342,560 = \$4,989,837$.

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

CAT LLC estimates that the budget [sic] for consulting costs during the CAT Fee 2024–1 Period will be approximately \$652,623. The budget for consulting costs during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for consulting services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual consulting costs incurred in July 2024 (as the CAT Fee 2024–1 Period began [sic] halfway through July, on July 16, 2024).⁷⁴

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2024–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, as well as discussions with Deloitte. The Original 2024 Budget estimated a budget for consulting cost of \$800,000 for the first two quarters of 2024.⁷⁵ The actual costs for consulting services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were \$885,580.⁷⁶ There is only an approximate 10% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2024–1 Period is reasonable.

⁷⁴ This calculation is $(\$359,926 + \$354,495) - \$61,798 = \$652,623$.

⁷⁵ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁶ This calculation is $\$264,101 + \$621,479 = \$885,580$.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the consulting costs from the Original 2024 Budget. CAT LLC's proposed annual budget for consulting costs for 2024 has not changed from the Original 2024 Budget to the Updated 2024 Budget; it remains \$1,600,000. Correspondingly, the proposed budget for consulting costs for the third and fourth quarters of 2024 decreased by \$85,580 (which is approximately 11%), from \$800,000 in the Original 2024 Budget⁷⁷ to \$714,420 in the Updated 2024 Budget.⁷⁸

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$1,342,345 in insurance costs for the CAT Fee 2024–1 Period. The insurance costs represent the costs to be incurred for insurance for CAT during the CAT Fee 2024–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2024–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC ("USI"). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during CAT Fee 2024–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the actual insurance quote from USI for 2024. The annual premiums would be paid by CAT LLC to USI.⁷⁹

⁷⁷ This calculation is $\$400,000 + \$400,000 = \$800,000$.

⁷⁸ This calculation is $\$359,925 + \$354,495 = \$714,420$.

⁷⁹ Note that CAT LLC generally pays its USI insurance premiums once per year, and such payment is scheduled to occur during the third quarter of 2024.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the insurance costs from the Original 2024 Budget. CAT LLC's proposed annual budget for insurance costs for 2024 decreased by \$525,680 from the Original 2024 Budget, from \$1,868,025 to \$1,342,345. For the Original 2024 Budget, CAT LLC estimated the budget for the insurance costs for the CAT Fee 2024–1 Period based on the 2023 insurance premiums plus a 15% year-over-year increase. However, the budgeted insurance costs as set forth in the Updated 2024 Budget were based on the actual insurance quote from USI for 2024.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$428,544.50 in professional and administration costs for the CAT Fee 2024–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.⁸⁰ The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin Block & Anchin ("Anchin") and Grant Thornton LLP ("Grant Thornton") for financial services during CAT Fee 2024–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to financial advisory services performed

⁸⁰ Section 9.2 of the CAT NMS Plan.

by Anchin. CAT LLC anticipates that it will continue to employ Anchin during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2024–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate [sic] bill payments;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual operating and financial budgets, including budget to actual fluctuation analyses;
- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services. The budgeted costs for the CAT Fee 2024–1 Period are based on the estimated annual costs, minus actual costs through June and estimated costs for July.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2024–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates

that it will continue to employ Grant Thornton during CAT Fee 2024–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2024–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2024–1 Period will be approximately \$428,544.50. The budget for professional and administration services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the professional and administration services for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual professional and administration costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸¹

CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2024–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2024 Budget. The Original 2024 Budget estimated a budget for professional and administration costs of \$395,930 for the first two quarters of 2024.⁸² The actual costs for professional and administration services for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were

⁸¹ This calculation is $(\$157,269 + \$293,682) - \$22,406.50 = \$428,544.50$.

⁸² This calculation is $\$213,600 + \$182,330 = \$395,930$.

\$372,977.⁸³ There is only an approximate 6% difference between the estimate and actuals. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the professional and administration costs from the Original 2024 Budget. CAT LLC's proposed annual budget for professional and administration costs for 2024 had a very minor increase of \$2,666 from the Original 2024 Budget, from \$821,264 to \$823,930. CAT LLC's proposed annual budget for professional and administration costs for 2024 has not changed in a material way for Anchin and Grant Thornton costs. Correspondingly, the proposed budget for professional and administration costs for the third and fourth quarters of 2024 increased by \$25,617 (which is approximately 6%), from \$425,334 in the Original 2024 Budget⁸⁴ to \$450,951 in the Updated 2024 Budget.⁸⁵

(x) Public Relations Costs

(a) Description [sic] of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included \$43,225 in public relations costs for the CAT Fee 2024–1 Period. The public relations costs represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. By engaging a public relations firm, CAT LLC will be better positioned to understand and address CAT matters to the benefit of all market participants.

It is anticipated that the public relations costs for the CAT Fee 2024–1 Period will include costs related to the public relations services performed by

⁸³ This calculation is $\$110,542 + \$262,435 = \$372,977$.

⁸⁴ This calculation is $\$150,000 + \$275,334 = \$425,334$.

⁸⁵ This calculation is $\$157,269 + \$293,682 = \$450,951$.

RF|Binder Partners Inc. (“RF|Binder”). CAT LLC anticipates that it will continue to employ RF|Binder during the CAT Fee 2024–1 Period based on, among other things, the firm’s relevant expertise, history with the project, and fees, which are anticipated to remain in line with market rates for these public relations services. It is anticipated that, during the CAT Fee 2024–1 Period, RF|Binder will provide services related to communications with the public regarding the CAT, including monitoring developments related to the CAT (e.g., congressional efforts, public comments and reaction to proposals, press coverage of the CAT), reporting such developments to CAT LLC, and drafting and disseminating communications to the public regarding such developments as well as reporting on developments related to the CAT (e.g., amendments to the CAT NMS Plan). Public relations services are important for various reasons, including monitoring comments made by market participants about the CAT and understanding issues related to the CAT discussed on the public record.

CAT LLC estimates that the budget for public relations services during the CAT Fee 2024–1 Period will be approximately \$43,225. The budget for public relations services during the CAT Fee 2024–1 Period is calculated based on the Updated 2024 Budget. Specifically, this estimate was calculated by adding the budgeted amounts for the public relations for the third and fourth quarter of 2024 as set forth in the Updated 2024 Budget and subtracting one half of the actual public relations costs incurred in July 2024 (as CAT Fee 2024–1 Period began half way through July, on July 16, 2024).⁸⁶ The fees for these services will be paid by CAT LLC to RF|Binder.

CAT LLC estimated the budget for the public relations costs for the CAT Fee 2024–1 Period based on a review of past public relations costs, potential future public relations needs, the proposed rates and other contractual issues, as well as discussions with RF|Binder. CAT LLC also recognized that public relations costs are generally consistent throughout the year. This process for estimating the budget for the public relations costs for the CAT Fee 2024–1 Period is the same process by which CAT LLC estimated the public relations costs for the Original 2024 Budget. The actual costs for public relations for the first two quarters of 2024, which are set forth in the Updated 2024 Budget, were

\$46,200.⁸⁷ They are the same. Accordingly, CAT LLC believes that the process for estimating the budgeted public relations costs for the CAT Fee 2024–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee Filing, this filing describes the changes in the public relations costs from the Original 2024 Budget. CAT LLC’s proposed annual budget for public relations costs for 2024 had a very minor increase of \$875 from the Original 2024 Budget to the Updated 2024 Budget, from \$92,400 to \$93,275. Correspondingly, the proposed budget for public relations costs for the third and fourth quarters of 2024 increased by \$875, from \$46,200 in the Original 2024 Budget⁸⁸ to \$47,075 in the Updated 2024 Budget.⁸⁹ The minor change was made to reflect updated contractual terms.

(xi) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes \$27,695,385 for a reserve for the CAT Fee 2024–1 Period. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

⁸⁷ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁸ This calculation is $\$23,100 + \$23,100 = \$46,200$.

⁸⁹ This calculation is $\$23,450 + \$23,625 = \$47,075$.

In light of the fact that CAT LLC currently does not maintain any reserve, CAT LLC determined to include a reserve in the amount of 25% of Budgeted CAT Costs 2024–1 other than the reserve. Accordingly, the reserve for the CAT Fee 2024–1 Period was calculated by multiplying the Budgeted CAT Costs 2024–1 other than the reserve amount, which is \$110,781,540, by 25%.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. Prior to July 16, 2024, all CAT costs were paid by the Participants via notes. Accordingly, to date, CAT LLC has not maintained any reserve. With the commencement of CAT Fees, CAT LLC proposes to include costs for a reserve of \$27,695,385 in Budgeted CAT Costs 2024–1.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2024–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2024–1 Period. Under the CAT NMS Plan, the Operating Committee is required to “reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.”⁹⁰ The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.⁹¹

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from June 2023 through May 2024 was 3,980,753,840,905.21 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for a four-month recovery period for CAT Fee 2024–1 by multiplying by 4/12ths the executed

⁸⁶ This calculation is $(\$23,450 + \$23,625) - \$3,850 = \$43,225$.

⁹⁰ Section 11.3(a)(i)(D) of the CAT NMS Plan.

⁹¹ CAT Funding Model Approval Order at 62651.

equivalent share volume for the prior 12 months. The Operating Committee determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has remained relatively constant. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395, the executed equivalent share volume for 2022 was 4,039,821,841,560.31, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is projected to be 1,326,917,946,968.403 executed equivalent shares.⁹²

The projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.⁹³

(E) Fee Rate 2024–1

Fee Rate 2024–1 would be calculated by dividing Budgeted CAT Costs 2024–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the four-month recovery period for CAT Fee 2024–1, as described in detail above.⁹⁴ Specifically, Fee Rate 2024–1 would be calculated by dividing \$138,476,925 by 1,326,917,946,968.403 executed equivalent shares. As a result, Fee Rate 2024–1 would be \$0.0001043598251997246 per executed equivalent share. Fee Rate 2024–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.⁹⁵

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2024–1 on a monthly basis for four months, from November 2024 until February 2025.⁹⁶ A CEBB's or CEBS's fee for each month

would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.⁹⁷ Proposed paragraph (a)(3)(A) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2024–1 in October 2024, and would receive an invoice for CAT Fee 2024–1 each month thereafter until January 2025. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audited Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees “each month.”

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2024–1, the Exchange proposes to add a new paragraph to “Consolidated Audit Trail Funding Fees” section of the Exchange's fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2024–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (“CAT Executing Broker for the Buyer” or “CEBB”) and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (“CAT Executing Broker for the Seller” or “CEBS”) will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB's CAT Fee or CEBS's CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.⁹⁸

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (a)(3) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (a)(3) would state the following:

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024–1 in October 2024, which shall set forth the CAT Fee 2024–1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024–1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis. Each month, such invoices shall set

forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (“CEBB”) and/or the CAT Executing Broker for the Seller (“CEBS”) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, “[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee.”⁹⁹ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 of \$0.0001043598251997246 by one-third, and rounding the result to six decimal places.¹⁰⁰ The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (a)(3)(A) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2024–1 in October 2024 and the fees set forth in that invoice would be calculated based on transactions executed in September 2024. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

⁹⁹ CAT Funding Model Approval Order at 62658, n.658.

¹⁰⁰ Dividing \$0.0001043598251997246 by three equals \$0.00003478660839990821. Rounding \$0.00003478660839990821 to six decimal places equals \$0.000035.

⁹² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

⁹³ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁴ In approving the CAT Funding Model, the Commission stated that “[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.*, by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is reasonable.” CAT Funding Model Approval Order at 62651.

⁹⁵ Section 11.3(a)(iii)(B) of the CAT NMS Plan.

⁹⁶ See Section 11.3(a)(iii)(A) of the CAT NMS Plan.

⁹⁷ See proposed paragraph (a)(3)(B) of the fee schedule.

⁹⁸ Section 11.3(a)(iii)(A) of the CAT NMS Plan.

Proposed paragraph (a)(3)(A) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2024–1. Specifically, after the first invoices are provided to CAT Executing Brokers in October 2024, invoices will be sent to CAT Executing Brokers each month thereafter until January 2025.

Proposed paragraph (a)(3)(B) of the fee schedule would describe the invoices for CAT Fee 2024–1. Proposed paragraph (a)(3)(B) of the fee schedule would state that “Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024–1 on a monthly basis.” Proposed paragraph (a)(3)(B) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2024–1. Specifically, it would state that “[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (‘CEBB’) and/or the CAT Executing Broker for the Seller (‘CEBS’) (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of \$0.000035 per executed equivalent share.”

Since CAT Fee 2024–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2024–1 may collect more or less than two-thirds of Budgeted CAT Costs 2024–1. To the extent that CAT Fee 2024–1 collects more than two-thirds of Budgeted CAT Costs 2024–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2024–1 collects less than two-thirds of Budgeted CAT Costs 2024–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (a)(3)(C) of the fee schedule would describe how long CAT Fee 2024–1 would remain in effect. It would state that “[n]otwithstanding the last invoice date of January 2025 for CAT Fee 2024–1 in paragraph 3(A), CAT Fee 2024–1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024–1 will no longer be in effect.”

Finally, proposed paragraph (a)(3)(D) of the fee schedule would set forth the

requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2024–1. It would state that “[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024–1 in accordance with paragraph (b).”

(B) Manner of Payment

The Exchange proposes to add paragraph (b)(1) to the “Consolidated Audit Trail Funding Fees” section of its fee schedule to describe the manner of payment of Industry Member CAT fees. The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.¹⁰¹ The Plan Processor has established a billing system for CAT fees.¹⁰² Therefore, the Exchange proposes to require CAT Executing Brokers to pay CAT Fee 2024–1 in accordance with such system. Accordingly, proposed paragraph (b)(1) would state that “[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.”

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.¹⁰³

Accordingly, the Exchange proposes to add this requirement to the Exchange’s fee schedule. Proposed paragraph (b)(2) of the fee schedule would state:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until

such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2024–1.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker’s CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker’s executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.¹⁰⁴

Such information would provide CEBBs and CEBBs with the ability to understand the details regarding the calculation of their CAT Fee.¹⁰⁵ CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, “[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.”¹⁰⁶ Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2024–1 is in effect as well as the total amount invoiced for CAT Fee 2024–1 for all months since its

¹⁰⁴ Section 11.3(a)(iv)(A) of the CAT NMS Plan.

¹⁰⁵ In approving the CAT Funding Model, the Commission stated that, “[i]n the Commission’s view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.” CAT Funding Model Approval Order at 62667.

¹⁰⁶ Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that “[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.” CAT Funding Model Approval Order at 62667.

¹⁰¹ Section 11.4 of the CAT NMS Plan.

¹⁰² The billing process and system are described in CAT Alert 2023–02 as well as the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

¹⁰³ Section 11.4 of the CAT NMS Plan.

commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2024–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that “[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.”¹⁰⁷ The substantive requirements of the Financial Accountability Milestones related to Period 4 have been satisfied, as the CAT has completed the requirements for the “Full Implementation of CAT NMS Plan Requirements.” Section 1.1 of the CAT NMS Plan defines “Full Implementation of CAT NMS Plan Requirements” as:

the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. This Financial Accountability Milestone shall be considered complete as of the date identified in a Quarterly Progress Report meeting the requirements of Section 6.6(c).

Under Section 1.1 of the CAT NMS Plan, this Financial Accountability Milestone is considered complete as of the date identified in the Participants’ Quarterly Progress Reports. As indicated by the Participants’ Quarterly Progress Report for the second and third quarter of 2024,¹⁰⁸ Full Implementation of CAT NMS Plan Requirements was completed on July 15, 2024.

(A) Transaction Reporting and Regulatory Access

The CAT system functionality required by Rule 613 and the CAT NMS Plan related to order and transaction data has been developed, successfully tested, and fully implemented,

including the requirements related to regulatory access. The implementation of CAT requirements related to order and transaction data occurred over four phases: Phases 2a, 2b, 2c and 2d.¹⁰⁹ As described in the Quarterly Progress Reports and summarized below, each of these phases has been fully implemented.¹¹⁰

(i) Phase 2a

The Quarterly Progress Reports state that “Phase 2a was fully implemented as of October 26, 2020.”¹¹¹ The Phase 2a Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the following data related to Eligible Securities that are equities:

- All events and scenarios covered by OATS, which includes information related to the receipt or origination of orders, order transmittal, and order modifications, cancellations and executions;

- Reportable Events for: (1) proprietary orders, including market maker orders, for Eligible Securities that are equities; (2) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) sent to a national securities exchange or FINRA’s Alternative Display Facility (“ADF”); (3) electronic quotes in unlisted Eligible Securities (*i.e.*, OTC Equity Securities) received by an Industry Member operating an interdealer quotation system (“IDQS”); and (4) electronic quotes in unlisted Eligible Securities sent to an IDQS or other quotation system not operated by a Participant or Industry Member;

- Firm Designated IDs (“FDIDs”), which Industry Members must report to the CAT as required by Sections 6.3(d)(i)(A) and 6.4(d)(ii)(C) of the CAT NMS Plan;

- Industry Members would be required to report all street side representative orders, including both agency and proprietary orders and mark such orders as representative orders, except in certain limited exceptions as described in the Industry Member Technical Specifications;

- The link between the street side representative order and the order being

represented when: (1) the representative order was originated specifically to represent a single order received either from a customer or another broker-dealer; and (2) there is (a) an existing direct electronic link in the Industry Member’s system between the order being represented and the representative order and (b) any resulting executions are immediately and automatically applied to the represented order in the Industry Member’s system;

- Manual and Electronic Capture Time for Manual Order Events;

- Special handling instructions for the original receipt or origination of an order during Phase 2a; and

- When routing an order, whether the order was routed as an intermarket sweep order (“ISO”).

In Phase 2a, Industry Members were not required to report modifications of a previously routed order in certain limited instances, nor were they required to report a cancellation of an order received from a Customer after the order has been executed.¹¹²

(ii) Phase 2b

The Quarterly Progress Reports state that “Phase 2b was fully implemented as of January 4, 2021.”¹¹³ The Phase 2b Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order, and includes the Industry Member Data related to Eligible Securities that are options and related to simple electronic option orders, excluding electronic paired option orders. A simple electronic option order is an order to buy or sell a single option that is not related to or dependent on any other transaction for pricing and timing of execution that is either received or routed electronically by an Industry Member. Electronic receipt of an order is defined as the initial receipt of an order by an Industry Member in electronic form in standard format directly into an order handling or execution system. Electronic routing of an order is the routing of an order via electronic medium in standard format from one Industry Member’s order handling or execution system to an exchange or another Industry Member. An electronic paired option order is an electronic option order that contains both the buy and sell side that is routed to another Industry Member or exchange for crossing and/or price improvement as a single transaction on an exchange. Responses to auctions of simple orders and paired simple orders would be

¹⁰⁹ The SEC granted exemptive relief from certain provisions of the CAT NMS Plan to allow for the phased implementation of Industry Member reporting via five phases addressing the reporting requirements for Phase 2a Industry Member Data, Phase 2b Industry Member Data, Phase 2c Industry Member Data, Phase 2d Industry Member Data and Phase 2e Industry Member Data. Securities Exchange Rel. No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020) (“Phased Reporting Exemptive Relief Order”).

¹¹⁰ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹¹ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹² Phased Reporting Exemptive Relief Order at 23076–78.

¹¹³ See, e.g., Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹⁰⁷ Section 11.3(a)(iii)(C) of the CAT NMS Plan.

¹⁰⁸ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

reportable in Phase 2b. Furthermore, combined orders in options would be treated in Phase 2b in the same way as equity representative orders are treated in Phase 2a. A combined order would mean, as permitted by SRO rules, a single, simple order in Listed Options created by combining individual, simple orders in Listed Options from a customer with the same exchange origin code before routing to an exchange. During Phase 2b, the single combined order sent to an exchange must be reported and marked as a combined order, but the linkage to the underlying orders is not required to be reported until Phase 2d.¹¹⁴

(iii) Phase 2c

The Quarterly Progress Reports state that “Phase 2c was implemented as of April 26, 2021.”¹¹⁵ The Phase 2c Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. That Order states that “Phase 2c Industry Member Data” is Industry Member Data related to Eligible Securities that are equities other than Phase 2a Industry Member Data, Phase 2d Industry Member Data, or Phase 2e Industry Member Data. Specifically, the Phase 2c Industry Member Data includes Industry Member Data that is related to Eligible Securities that are equities and that is related to: (1) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (2) quotes in unlisted Eligible Securities sent to an IDQS operated by a CAT Reporter (reportable by the Industry Member sending the quotes) (except for quotes reportable in Phase 2d, as discussed below); (3) electronic quotes in listed equity Eligible Securities (*i.e.*, NMS stocks) that are not sent to a national securities exchange or FINRA’s Alternative Display Facility; (4) reporting changes to client instructions regarding modifications to algorithms; (5) marking as a representative order any order originated to work a customer order in price guarantee scenarios, such as a guaranteed VWAP; (6) flagging rejected external routes to indicate a route was not accepted by the receiving destination; (7) linkage of duplicate electronic messages related to a Manual Order Event between the electronic event and the original manual route; (8) special handling instructions on order route reports (other than the ISO, which is required to be reported in Phase 2a);

(9) quote identifier on trade events; (10) reporting of LTIDs (if applicable) for accounts with Reportable Events that are reportable to CAT as of and including Phase 2c; (11) reporting of date account opened or Account Effective Date (as applicable) for accounts and reporting of a flag indicating the Firm Designated ID type as account or relationship; (12) order effective time for orders that are received by an Industry Member and do not become effective until a later time; (13) the modification or cancellation of an internal route of an order; and (14) linkages to the customer order(s) being represented for representative order scenarios, including agency average price trades, net trades, aggregated orders, and disconnected Order Management System (“OMS”)—Execution Management System (“EMS”) scenarios, as required in the Industry Member Technical Specifications.¹¹⁶

Phase 2c Industry Member Data also includes electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are equities and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: (1) an equity bid or offer is displayed publicly or has been communicated (a) for listed securities to the ADF operated by FINRA; or (b) for unlisted equity securities to an “interdealer quotation system,” as defined in FINRA Rule 6420(c); or (2) an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; *i.e.*, no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed). With respect to OTC Equity Securities, OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter (other than such an IDQS that does not match and execute orders) are reportable by the Industry Member sending them in Phase 2c. Accordingly, any response to a request for quote or other form of solicitation response provided in a standard electronic format (*e.g.*, FIX) that meets this quote definition (*i.e.*, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing) would be reportable in Phase 2c.¹¹⁷

(iv) Phase 2d

The Quarterly Progress Reports state that “Phase 2d was fully implemented as of December 13, 2021.”¹¹⁸ The Phase 2d Industry Member Data is described in detail in the SEC’s Phased Reporting Exemptive Relief Order. “Phase 2d Industry Member Data” is Industry Member Data that is related to Eligible Securities that are options other than Phase 2b Industry Member Data, Industry Member Data that is related to Eligible Securities that are equities other than Phase 2a Industry Member Data or Phase 2c Industry Member Data, and Industry Member Data other than Phase 2e Industry Member Data. Phase 2d Industry Member Data includes with respect to the Eligible Securities that are options: (1) simple manual orders; (2) electronic and manual paired orders; (3) all complex orders with linkages to all CAT-reportable legs; (4) LTIDs (if applicable) for accounts with Reportable Events for Phase 2d; (5) date account opened or Account Effective Date (as applicable) for accounts with an LTID and flag indicating the Firm Designated ID type as account or relationship for such accounts; (6) Allocation Reports as required to be recorded and reported to the Central Repository pursuant to Section 6.4(d)(ii)(A)(1) of the CAT NMS Plan; (7) the modification or cancellation of an internal route of an order; and (8) linkage between a combined order and the original customer orders. Phase 2d Industry Member Data also would include electronic quotes that are provided by or received in a CAT Reporter’s order/quote handling or execution systems in Eligible Securities that are options and are provided by an Industry Member to other market participants off a national securities exchange under the following conditions: a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (*i.e.*, no further action is required by the responder providing the quote in order to execute or cause a trade to be executed). Accordingly, any response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.*, FIX) that meets this definition is reportable in Phase 2d for options.¹¹⁹

Phase 2d Industry Member Data also includes with respect to Eligible Securities that are options or equities (1) receipt time of cancellation and modification instructions through Order

¹¹⁴ Phased Reporting Exemptive Relief Order at 23078.

¹¹⁵ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁶ Phased Reporting Exemptive Relief Order at 23078–79.

¹¹⁷ *Id.* at 23079.

¹¹⁸ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹¹⁹ Phased Reporting Exemptive Relief Order at 23079.

Cancel Request and Order Modification Request events; (2) modifications of previously routed orders in certain instances; and (3) OTC Equity Securities quotes sent by an Industry Member to an IDQS operated by an Industry Member CAT Reporter that does not match and execute orders. In addition, subject to any exemptive or other relief, Phase 2d Industry Member Data includes verbal or manual quotes on an exchange floor or in the over-the-counter market, where verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (*e.g.*, quotations provided via email or instant messaging).¹²⁰

(v) Regulatory Access to Order and Transaction Data

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2a, 2b, 2c and 2d data and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report. As CAT LLC reported on its Quarterly Progress Reports, the query tool functionality incorporating the data from Phases 2a, 2b, 2c and 2d was available to the Participants and to the Commission as of December 31, 2021.¹²¹

(B) CAIS Reporting and Regulatory Access

The CAT System functionality required by Rule 613 and the CAT NMS Plan related to Customer information has been developed, successfully tested, and fully implemented, including the requirements related to regulatory access. The implementation of CAT requirements related to Customer information occurred during Phase 2e. As described in the Quarterly Progress Reports and summarized below, Phase 2e has been fully implemented as of May 31, 2024.¹²² Furthermore, because a month of customer and account information data is necessary to create report cards with regard to such data, the publication of monthly report cards with respect to customer and account information commenced on July 15,

2024.¹²³ Accordingly, the Financial Accountability Milestone related to Period 4 was completed on July 15, 2024.

(i) Phase 2e

The Q2 & Q3 2024 Quarterly Progress Report indicates that Phase 2e was fully implemented as of May 31, 2024.¹²⁴ Phase 2e Industry Member Data is described in detail in the SEC's Phased Reporting Exemptive Relief Order. "Phase 2e Industry Member Data" includes "Customer Account Information and Customer Identifying Information, other than LTIDs, date account opened/Account Effective Date and Firm Designated ID type flag previously reported to the CAT."¹²⁵ LTIDs and Account Effective Date are both provided in Phases 2c and 2d in certain circumstances, as discussed above. Section 1.1 of the CAT NMS Plan defines the term "Customer Account Information" to

include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will (i) provide the Account Effective Date in lieu of the "date account opened"; (ii) provide the relationship identifier in lieu of the "account number"; and (iii) identify the "account type" as a "relationship"; (b) in those circumstances in which the relevant account was established prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter (as set forth in Rule 613(a)(3)(v) and (vi)), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

The term "Customer Identifying Information" is defined in Section 1.1 of the CAT NMS Plan to mean

information of sufficient detail to identify a Customer, including, but not limited to, (a)

with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN"/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number ("EIN"/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(ii) Regulatory Access to Customer Information

The Financial Accountability Milestone related to Period 4 requires that CAT provide functionality that permits the Participants and the Commission to access Phase 2e Industry Member Data (in addition to the Phase 2a, 2b, 2c and 2d Industry Member Data, as discussed above). As CAT LLC reported on its Q2 & Q3 Quarterly Progress Report, regulators had efficient access to Phase 2e Industry Member Data via the query tool functionality required under the CAT NMS Plan by July 15, 2024.¹²⁶

(C) Error Rate

The Financial Accountability Milestones related to Period 4 require the implementation of the CAT System "at the initial Error Rates specified by Section 6.5(d)(i) or less." The average overall error rate as of July 15, 2024, was less than 5%, which is the initial Error Rate specified by Section 6.5(d)(i) of the CAT NMS Plan. The average overall error rate was calculated by dividing the compliance errors by processed records.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,¹²⁷ CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.¹²⁸ On July 31, 2024, the Operating Committee approved the Participant fee related to CAT Fee 2024–1. Specifically, pursuant to the requirements of CAT NMS Plan,¹²⁹ each Participant would be required to pay a CAT fee calculated using the fee rate of \$0.000035, which is the same fee rate

¹²⁶ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁷ Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

¹²⁸ CAT Funding Model Approval Order at 62659.

¹²⁹ See Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

¹²⁰ *Id.* at 23079–80.

¹²¹ See, *e.g.*, Q1 2024 Quarterly Progress Report (Apr. 30, 2024).

¹²² *Id.*

¹²³ Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

¹²⁴ *Id.*

¹²⁵ Phase Reporting Exemptive Relief Order at 23080.

that applies to CEBBs and CEBSSs. Like CEBBs and CEBSSs, each Participant would be required to pay such CAT fees on a monthly basis for four months, from November 2024 until February 2025, and each Participant's fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on the exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in October 2024, and would receive an invoice each month thereafter until January 2025. Like with the CAT Fee 2024–1 applicable to CEBBs and CEBSSs as described in proposed paragraph (a)(3)(C) of the fee schedule, notwithstanding the last invoice date of January 2025, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

[e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the "Payment Date"). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³⁰ which requires, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,¹³¹ because it provides for the equitable allocation of reasonable dues, fees and other charges among members

and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,¹³² which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be "so organized and [have] the capacity to be able to carry out the purposes" of the Act and "to comply, and . . . to enforce compliance by its members and persons associated with its members," with the provisions of the Exchange Act.¹³³ Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers, and other users of an exchange's facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan "is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act."¹³⁴ To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBSSs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2024–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, professional and administration, and public relations costs.

The proposed CAT Fee 2024–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission's view that regulatory fees be used for regulatory purposes and not to support the Exchange's business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that "[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves." Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan "is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act."¹³⁵ Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.¹³⁶ As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this

¹³⁰ 15 U.S.C. 78f(b)(6).

¹³¹ 15 U.S.C. 78f(b)(4).

¹³² 15 U.S.C. 78f(b)(8).

¹³³ See Section 6(b)(1) of the Exchange Act.

¹³⁴ CAT NMS Plan Approval Order at 84697.

¹³⁵ *Id.* at 84696.

¹³⁶ CAT Funding Model Approval Order at 62686.

proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2024–1 Is Reasonable

The SEC has determined that the CAT Funding Model is reasonable and satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, is reasonable and satisfies the Exchange Act.¹³⁷ In each respect, as discussed above, CAT Fee 2024–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2024–1 is reasonable and consistent with the Exchange Act. Calculation of Fee Rate 2024–1 for CAT Fee 2024–1 requires the figures for Budgeted CAT Costs 2024–1, the executed equivalent share volume for the prior twelve months, the determination of CAT Fee 2024–1 Period, and the projection of the executed equivalent share volume for CAT Fee 2024–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2024–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

The budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2024–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide “sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.” As discussed below, the Exchange believes that the budget for the CAT Fee 2024–1 Period is “reasonable and appropriate.” Each of the costs included in CAT Fee 2024–1 are reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm’s length basis, and/or are consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.¹³⁸ CAT LLC determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.¹³⁹ Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only

include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day¹⁴⁰ and that annual operating costs for the CAT would range from \$36.5 million to \$55 million.¹⁴¹ Through 2023, the actual data volumes have been five times that original estimate. The data volumes to date for 2024 have continued this trend.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (e.g., the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the

¹³⁸ Section 11.3(a)(iii)(B)(1) of the CAT NMS Plan.

¹³⁹ For a discussion of the amount and type of cloud hosting services fees, see Section 3(a)(2)(C)(i) above.

¹⁴⁰ Appendix D–4 of the CAT NMS Plan at n.262.

¹⁴¹ CAT NMS Plan Approval Order at 84801.

¹³⁷ *Id.* at 62662–63.

time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.¹⁴²

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.¹⁴³ CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.¹⁴⁴ CAT LLC also

determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.¹⁴⁵ The services to be performed by FCAT for CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁴⁶

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates continuing to receive certain market data from Exegy

during the CAT Fee 2024–1 Period. CAT LLC anticipates that Exegy will continue to provide data that meets the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.¹⁴⁷

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.¹⁴⁸ CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain CAIS and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (e.g., management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's CAIS-related services, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.¹⁴⁹ The services to be performed by FCAT for the CAT Fee 2024–1 Period and the budgeted costs for such services are described above.¹⁵⁰

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.¹⁵¹ CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating

Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,¹⁵² CAT LLC has included a reasonable placeholder budget amount for potential change requests that may arise during the CAT Fee 2024–1 Period. As noted above, the total budgeted costs for change requests during the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.12% of Budgeted CAT Costs 2024–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.¹⁵³ In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT, CAIS implementation fees and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2024–1 Period, which relate to the CAIS software license fee and technology changes to be implemented by FCAT, are described in more detail above.¹⁵⁴ CAT LLC determined that these budgeted costs are reasonable and should be included as a part of Budgeted CAT Costs 2024–1.

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.¹⁵⁵ CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire

¹⁴² See Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

¹⁴³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁴ See Section 3(a)(2)(C)(ii) above.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁴⁹ See Section 3(a)(2)(C)(iii) above.

¹⁵⁰ *Id.*

¹⁵¹ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

¹⁵² See Section 3(a)(2)(C)(iv) above.

¹⁵³ Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

¹⁵⁴ See Section 3(a)(2)(C)(v) above.

¹⁵⁵ Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2024–1 Period and the budgeted costs related to such services are described above.¹⁵⁶

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.¹⁵⁷ CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees¹⁵⁸ and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.¹⁵⁹ CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.¹⁶⁰

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.¹⁶¹ CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that it is common practice to have directors' and officers'

liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include "[i]nsurance against security breaches."¹⁶² As discussed above,¹⁶³ CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.¹⁶⁴

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.¹⁶⁵ CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. Because there are no CAT employees, all required accounting, financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.¹⁶⁶

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.¹⁶⁷

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.¹⁶⁸

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.¹⁶⁹ CAT LLC determined that the budgeted public relations costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2024–1. CAT LLC determined that the types of public relations services to be utilized were beneficial to the CAT and market participants more generally. Public relations services are important for various reasons, including monitoring comments made by market participants about CAT and understanding issues related to the CAT discussed on the public record.¹⁷⁰ By continuing to engage a public relations firm, CAT LLC will be better positioned to understand and address CAT issues to the benefit of all market participants.¹⁷¹ Moreover, CAT LLC determined that the budgeted rates charged for such services were in line with market rates.¹⁷² As noted above, the total budgeted public relations costs for the CAT Fee 2024–1 Period represent a small percentage of Budgeted CAT Costs 2024–1—that is, approximately 0.03% of Budgeted CAT Costs 2024–1.

(xi) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.¹⁷³ CAT LLC determined that the inclusion of a reserve in the amount of 25% of

¹⁵⁶ See Section 3(a)(2)(B)(vi) above.

¹⁵⁷ Section 11.3(b)(iii)(B)(B)(3) of the CAT NMS Plan.

¹⁵⁸ As stated in the filing of the proposed CAT NMS Plan, "[i]t is the intent of the Participants that the Company have no employees." Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

¹⁵⁹ CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. See, e.g., CTA Plan and CQ Plan.

¹⁶⁰ Section 3(a)(2)(C)(vii) of the CAT NMS Plan.

¹⁶¹ Section 11.3(b)(iii)(B)(B)(4) of the CAT NMS Plan.

¹⁶² Section 4.1.5 of Appendix D of the CAT NMS Plan.

¹⁶³ See Section 3(a)(2)(C)(viii) above.

¹⁶⁴ *Id.*

¹⁶⁵ Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

¹⁶⁶ See Section 3(a)(2)(C)(ix) above.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

¹⁷⁰ See Section 3(a)(2)(C)(x) above.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

Budgeted CAT Costs 2024–1 complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount and should be included as a part of Budgeted CAT Costs 2024–1.

In its approval order for the CAT Funding Model, the Commission stated that it would be reasonable for the annual operating budget for the CAT to “include a reserve of not more than 25% of the annual budget.”¹⁷⁴ In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is reasonable to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.¹⁷⁵

The SEC also recognized that that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.¹⁷⁶ The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.¹⁷⁷ The inclusion of the proposed reserve in Budgeted CAT Costs 2024–1 would provide each of these benefits to the CAT. The reserve is discussed further above.¹⁷⁸

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include “a discussion of how the budget is reconciled to the collected fees.”¹⁷⁹ To date, CAT LLC has not collected any CAT fees. Accordingly, there are no collected fees to be reconciled with the budget.

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from June 2023 through May 2024 was

3,980,753,840,905.21 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed equivalent shares for CAT billing purposes.¹⁸⁰

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2024–1 Period

CAT LLC has determined to calculate the projected total executed equivalent share volume for the four months in which CAT Fee 2024–1 Period would be payable by multiplying by 4/12ths (*i.e.*, one-third) the executed equivalent share volume for the prior 12 months.¹⁸¹ CAT LLC determined that such an approach was reasonable as the CAT’s annual executed equivalent share volume has remained relatively constant in recent years. For example, the executed equivalent share volume for 2021 was 3,963,697,612,395 executed equivalent shares, the executed equivalent share volume for 2022 was 4,039,821,841,560.31 executed equivalent shares, and the executed equivalent share volume for 2023 was 3,868,940,345,680.6. Accordingly, the projected total executed equivalent share volume for the four-month period for CAT Fee 2024–1 is 1,326,917,946,968.403 executed equivalent shares.¹⁸²

(E) Actual Fee Rate for CAT Fee 2024–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.¹⁸³ Accordingly, proposed paragraph (a)(3)(B) of the fee schedule would set forth a fee rate of \$0.000035 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2024–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.¹⁸⁴

(ii) Reasonable Fee Level

The Exchange believes that imposing CAT Fee 2024–1 with a fee rate of \$0.000035 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with Budgeted CAT Costs 2024–1 and such budgeted costs would be spread out over a four-month period. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is comparable to other transaction-based fees. Indeed, CAT Fee 2024–1 is significantly lower than fees assessed pursuant to Section 31 (*e.g.*, \$0.0009 per share to 0.0004 per share),¹⁸⁵ and, as a result, the magnitude of CAT Fee 2024–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.¹⁸⁶

(3) CAT Fee 2024–1 Provides for an Equitable Allocation of Fees

CAT Fee 2024–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.¹⁸⁷ In approving the CAT Funding Model, the SEC stated that “[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is reasonable.”¹⁸⁸ Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2024–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For

¹⁸⁵ *Id.* at 62663, 62682. In explaining the comparison of Section 31 fees to CAT fees in the CAT Funding Model Approval Order, the SEC noted that “Section 31 fees are expressed per dollar volume traded. Translating this to a per share range involves identifying reasonable high and low trade sizes. The lower end of this range comes from the 25th percentile in \$ trade size of 1,200 and share trade size of 71 from the first quarter of 2021. The higher end of this range comes from the 75th percentile in \$ trade size of 5,200 and share trade size of 300 from the first quarter of 2021. Section 31 fees have ranged from \$5.10 per \$Million to \$23.10 per \$Million from Oct. 1, 2016 to Mar. 1, 2023.” *Id.* at 62682., n.1100. In 2024, Section 31 fees were raised further to \$27.80 per million dollars.

¹⁸⁶ *Id.*

¹⁸⁷ See Section 11.3(b) of the CAT NMS Plan.

¹⁸⁸ CAT Funding Model Approval Order at 62629.

¹⁷⁴ CAT Funding Model Approval Order at 62657.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See Section 3(a)(2)(C)(xi) above.

¹⁷⁹ Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

¹⁸⁰ See Section 3(a)(2)(D) above.

¹⁸¹ *Id.*

¹⁸² This projection was calculated by multiplying 3,980,753,840,905.21 executed equivalent shares by 4/12ths.

¹⁸³ CAT Funding Model Approval Order at 62658, n.658.

¹⁸⁴ See Section 3(a)(4)(A) above.

example, as described above, the calculation of CAT Fee 2024–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2024–1 would be charged to CEBBs and CEBs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of Budgeted CAT Costs 2024–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2024–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1—Budgeted CAT Costs 2024–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2024–1 Period—are reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2024–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2024–1 Is Not Unfairly Discriminatory

CAT Fee 2024–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2024–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2024–1 and the resulting fee rate for CAT Fee 2024–1 is reasonable. Therefore, CAT Fee 2024–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also

believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 6(b)(8) of the Act¹⁸⁹ requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2024–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2024–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.¹⁹⁰ The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2024–1 is calculated and implemented in

accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2024–1 is reasonable and the resulting fee rate for CAT Fee 2024–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2024–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

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 Exchange Act¹⁹¹ and Rule 19b–4(f)(2) thereunder,¹⁹² because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR–NASDAQ–2024–047 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.
- All submissions should refer to file number SR–NASDAQ–2024–047. This

¹⁸⁹ 15 U.S.C. 78f(b)(8).

¹⁹⁰ CAT Funding Model Approval Order at 62676–86.

¹⁹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹² 17 CFR 240.19b–4(f)(2).

file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2024-047 and should be submitted on or before September 26, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹³

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-19873 Filed 9-4-24; 8:45 am]

BILLING CODE 8011-01-P

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: 30-Day notice.

SUMMARY: The Small Business Administration (SBA) is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act and OMB procedures, SBA is publishing this notice to allow all interested member of the public an additional 30 days to provide comments

on the proposed collection of information.

DATES: Submit comments on or before October 7, 2024.

ADDRESSES: Written comments and recommendations for this information collection request should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting "Small Business Administration"; "Currently Under Review," then select the "Only Show ICR for Public Comment" checkbox. This information collection can be identified by title and/or OMB Control Number.

FOR FURTHER INFORMATION CONTACT: You may obtain a copy of the information collection and supporting documents from the Agency Clearance Office at Curtis.Rich@sba.gov; (202) 205-7030, or from www.reginfo.gov/public/do/PRAMain.

SUPPLEMENTARY INFORMATION: The Form 3513 had previously been used for physical and Economic Injury Disaster Loans (EIDL), including COVID loans. Going forward, this form will be used for determining fraud for non-COVID disaster loans, 7(a) and 504 loan programs.

As authorized by the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Paycheck Protection Program and Health Care Enhancement Act, and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, the Small Business Administration (SBA) provided COVID-19 Economic Injury Disaster Loans to provide working capital for small businesses, private nonprofits, and small agricultural enterprises who suffered substantial economic injury as a result of the Coronavirus pandemic. SBA received more than 16 million loan applications during the pandemic and a small percentage of those applications may have been a result of identity theft. In an effort to ensure SBA is taking the appropriate action for any individuals who have indicated they have been the victim of identity theft, the individual will need to provide an affidavit to SBA indicating no involvement in the filing of the loan application, and that they did not receive or have knowledge of who received the loan funds. The information will be collected from those individuals (or their representative) who, without their knowledge or authorization, had an application submitted to SBA's Office of Capital

Access (OCA) utilizing their personal information. OCA will review the information contained in the affidavit to determine whether there was identity theft involved, and if so, OCA will take the necessary steps to stop all billing statements, release any collateral filings, and to ensure that loan information will not be publicly reported in the name of the identity theft victim. In addition, this affidavit will be provided to the Office of Inspector General and other enforcement agencies in any legal action going forward.

Solicitation of Public Comments

Comments may be submitted on (a) whether the collection of information is necessary for the agency to properly perform its functions; (b) whether the burden estimates are accurate; (c) whether there are ways to minimize the burden, including through the use of automated techniques or other forms of information technology; and (d) whether there are ways to enhance the quality, utility, and clarity of the information.

OMB Control Number: 3245-0418.

Title: Declaration of Identity Theft.

Description of Respondents:

Individuals that claim to be victims of identity theft and that their information was used to apply for SBA financial assistance.

SBA Form Number: 3,513.

Estimated Number of Respondents: 20,602.

Estimated Annual Responses: 20,602.

Estimated Annual Hour Burden: 5,150.5.

Curtis Rich,

Agency Clearance Officer.

[FR Doc. 2024-19884 Filed 9-4-24; 8:45 am]

BILLING CODE 8026-09-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #20593 and #20594; NEW YORK Disaster Number NY-20014]

Presidential Declaration of a Major Disaster for Public Assistance Only for the State of New York

AGENCY: 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 New York (FEMA-4814-DR), dated 08/29/2024.

Incident: Severe Storm, Tornadoes, and Flooding.

Incident Period: 07/10/2024 through 07/11/2024.

DATES: Issued on 08/29/2024.

Physical Loan Application Deadline Date: 10/28/2024.

¹⁹³ 17 CFR 200.30-3(a)(12).

Economic Injury (EIDL) Loan Application Deadline Date: 05/29/2025.

ADDRESSES: Visit the MySBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT:

Alan Escobar, Office of Disaster Recovery & Resilience, 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 08/29/2024, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications online using the MySBA Loan Portal <https://lending.sba.gov> or other locally announced locations. Please contact the SBA disaster assistance customer service center by email at disastercustomerservice@sba.gov or by phone at 1–800–659–2955 for further assistance.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties:

Cortland, Essex, Hamilton, Lewis, St. Lawrence.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Non-Profit Organizations with Credit Available Elsewhere ...	3.250
Non-Profit Organizations without Credit Available Elsewhere	3.250
<i>For Economic Injury:</i>	
Non-Profit Organizations without Credit Available Elsewhere	3.250

The number assigned to this disaster for physical damage is 20593C and for economic injury is 205940.

(Catalog of Federal Domestic Assistance Number 59008)

Francisco Sánchez, Jr.,

Associate Administrator, Office of Disaster Recovery & Resilience.

[FR Doc. 2024–19937 Filed 9–4–24; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF STATE

[Public Notice: 12522]

Notice of Department of State Sanctions Actions

ACTION: Notice.

SUMMARY: The U.S. Department of State's Office of Economic Sanctions

Policy and Implementation (SPI) is publishing the name of one person who has been removed from the List of Specially Designated Nationals and Blocked Persons (SDN List) maintained by the Office of Foreign Assets Control (OFAC) and is consequently no longer subject to the prohibitions imposed pursuant to Executive Order of April 15, 2021, "Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation."

DATES: The action described in this notice was effective on August 28, 2024.

FOR FURTHER INFORMATION CONTACT:

Aaron P. Forsberg, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647–7677, email: ForsbergAP@state.gov.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning OFAC sanctions programs are available from OFAC's website at <http://www.treasury.gov/ofac>.

Notice of Department of State Action

On August 28, 2024, pursuant to a decision by the Department of State, OFAC removed from the SDN List the person listed below, who was subject to prohibitions imposed pursuant to E.O. 14024.

Entity

1. BRODSKIY, Ilya Borisovich (Cyrillic: БРОДСКИЙ, Илья Борисович) (a.k.a. BRODSKI, Ilya Borisovich), Russia; DOB 01 Jul 1972; POB Moscow, Russia; nationality Russia; alt. nationality Cyprus; Gender Male; Passport K00227238 (Cyprus) (individual) [RUSSIA–EO14024] (Linked To: SOVCOMBANK OPEN JOINT STOCK COMPANY).

Roland F. de Marcellus,

Principal Deputy Assistant Secretary, Acting, Bureau of Economic and Business Affairs, Department of State.

[FR Doc. 2024–19932 Filed 9–4–24; 8:45 am]

BILLING CODE 4710–AE–P

SURFACE TRANSPORTATION BOARD

[Docket No. AB 1341X]

Midcoast Railservice, Inc.—Discontinuance of Service Exemption—in Cumberland, Knox, Lincoln, Sagadahoc Counties, ME

On August 16, 2024, Midcoast Railservice, Inc. (Midcoast), a Class III

rail carrier, filed a petition under 49 U.S.C. 10502 for exemption from the prior approval requirements of 49 U.S.C. 10903 to discontinue service over approximately 58.68 miles of rail line consisting of: (1) the Brunswick Terminal Area between the east side of Church Road, milepost 14.97, and Rock Jct., milepost 16.40; (2) the Rockland Branch between milepost 29.40 in Brunswick, Cumberland County, Me., and milepost 85.55 in Rockland, Knox County, Me.; and (3) the Atlantic Branch Line between milepost 85.55 and milepost 86.65 in Rockland (collectively, the Line). Midcoast states that the Line traverses U.S. Postal Service Zip Codes 04011, 04530, 04579, 04578, 04553, 04555, 04556, 04572, 04864, 04861, and 04841, and that 16 stations exist on the Line.

According to Midcoast, the Line is owned by the State of Maine Department of Transportation (Maine DOT) and Midcoast has been operating the Line pursuant to a Lease and Operating Agreement since 2022.¹ (Pet. 1.) Midcoast explains that it is seeking discontinuance authority because it currently operates at an average loss of approximately \$65,000 per month. (*Id.* at 3.) According to Midcoast, when it began operating the Line, nearly all of its freight revenue was generated by serving a cement plant. (*Id.* at 2.) Midcoast states that the cement plant ceased production in late 2023 and the remaining active shippers on the Line are projected to generate a total of less than five cars per month. (*Id.* at 2–3.) Midcoast also states that, after the discontinuance is consummated, no operator with a common carrier obligation will remain on the Line.²

¹ See *Midcoast Railservice, Inc.—Change of Operators Exemption—Cent. Me. & Que. Ry. US, Inc.*, FD 36531 (STB served Aug. 25, 2021). Midcoast states that Maine DOT does not oppose this petition. (Pet. 1–2.)

² This assertion appears to be incorrect. In *Maine Department of Transportation—Acquisition & Operation Exemption—Maine Central Railroad*, 8 I.C.C.2d 835, 837, 838 n.8 (1991), the Board's predecessor, the Interstate Commerce Commission (ICC), explained that Springfield Terminal Railroad Company (ST) would be conducting common carrier operations on three lines and Maine Central Railroad Company (MEC) would retain a residual common carrier obligation over those lines. A subsequent ICC decision confirms that two of those lines were between milepost 29.40 and milepost 33.79 (a segment of the Rockland Branch) and between milepost 28.03 (Church Road) and milepost 29.40 (Rock Jct.) (the Brunswick Terminal Area). See *Me. Coast R.R.—Operation Exemption—Me. Cent. R.R. & Springfield Term. Ry.*, FD 32272, slip op. at 1 (ICC served June 21, 1993); see also *Safe Handling Rail, Inc.—Operation Exemption—Me. Coast R.R.*, FD 33968, slip op. at 1–2 (STB served Dec. 4, 2000) (“MEC and ST[] have residual common carrier obligations on the subject line[s].”). Note that it appears the milepost numbers on the

Continued

(Pet. 1.) However, it “believes that alternate transportation service by truck or rail/truck transload is available” for the three remaining customers, all of whom were served a copy of the petition. (*Id.* at 6.)

Midcoast asserts that, because this proceeding would involve the discontinuance of common carrier service and not abandonment of the Line, the question of whether the Line contains any federally granted rights-of-way is inapplicable. (*Id.* at 2.) Midcoast states that any documentation related to federally granted rights-of-way pertaining to this petition in Midcoast’s possession will be made promptly available to those requesting it. (*Id.*)

According to Midcoast, the Line constitutes the entirety of its operations. (*Id.* at 8–9.) Where, as here, a rail carrier is discontinuing service over its entire system, the Board does not normally impose labor protection under 49 U.S.C. 10502(g), unless the evidence indicates the existence of: (1) a corporate affiliate that will continue substantially similar rail operations; or (2) a corporate parent that will realize substantial financial benefits over and above relief from the burden of deficit operations by its subsidiary railroad. See *Honey Creek R.R.—Aban. Exemption—in Henry Cnty., Ind.*, AB 865X (STB served Aug. 20, 2004); *Northampton & Bath R.R.—Aban. near Northampton & Bath Junction in Northampton Cnty., Pa. (Northampton)*, 354 I.C.C. 784, 785–86 (1978); *Wellsville, Addison & Galeton R.R.—Aban. of Entire Line in Potter & Tioga Cntys., Pa.*, 354 I.C.C. 744 (1978). According to Midcoast, it does not have a corporate affiliate that has similar rail operations, and its corporate parent, Finger Lakes Railway Corp., will not benefit from the proposed discontinuance beyond the relief it receives from the burden of deficit operations. (Pet. 9–10.) Therefore, if the Board grants the petition for exemption, in the absence of a showing that one or more of the exceptions articulated in *Northampton* are present, no labor protective conditions would be imposed.

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by December 4, 2024.

Brunswick Terminal Area line were changed at some point.

It does not appear there was a subsequent proceeding authorizing MEC or ST to extinguish their common carrier obligations. MEC and ST have since been acquired by CSX Transportation, Inc. See *CSX Corp.—Control & Merger—Pan Am Sys., Inc.*, FD 36472 et al., slip op. at 2, 50 (STB served Apr. 14, 2022).

Because this is a discontinuance proceeding and not an abandonment, interim trail use/rail banking and public use conditions are not appropriate. Because the majority of the Line (from milepost 33.79 to the end of the line at Rockport) was abandoned before it was acquired by Maine DOT,³ and there will be environmental review during any subsequent abandonment for the remainder of the Line (from milepost 33.79 to milepost 28.03),⁴ this discontinuance does not require an environmental review.

Any offer of financial assistance (OFA) for subsidy under 49 CFR 1152.27(b)(2) will be due no later than 120 days after the filing of the petition for exemption, or 10 days after service of a decision granting the petition for exemption, whichever occurs sooner.⁵ Persons interested in submitting an OFA must first file a formal expression of intent to file an offer by September 16, 2024, indicating the intent to file an OFA for subsidy and demonstrating that they are preliminarily financially responsible. See 49 CFR 1152.27(c)(1)(i).

All pleadings, referring to Docket No. AB 1341X, must be filed with the Surface Transportation Board either via e-filing on the Board’s website or in writing addressed to 395 E Street SW, Washington, DC 20423–0001. In addition, a copy of each pleading must be served on Midcoast’s representative, Justin J. Marks, Clark Hill PLC, 1001 Pennsylvania Ave. NW, Suite 1300 South, Washington, DC 20004. Replies to the petition are due on or before September 25, 2024.

Persons seeking further information concerning discontinuance procedures may contact the Board’s Office of Public Assistance, Governmental Affairs, and Compliance at (202) 245–0238 or refer to the full abandonment and discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to

³ See *Me. Cent. R.R.—Pet. for Review of Arbitration Award*, FD 31434 et al., slip op. at 1 (ICC served Apr. 19, 1990) (noting that “MEC abandoned the Rockland Branch,” as authorized for abandonment in AB 83 (Sub-No. 8), “in November 1985”); *Me. Cent. R.R.—Aban.—in Cumberland, Sagadahoc, Lincoln, & Knox Cntys., Me.*, AB 83 (Sub-No. 8) (ICC served Oct. 23, 1985) (approving abandonment of rail line between milepost 33.79 at Brunswick and milepost 85.91 at Rockland); see also *Me. Coast R.R.—Modified Rail Certificate*, FD 31727, slip op. at 1 (ICC served Oct. 5, 1990) (authorizing operations over rail line between milepost 33.79 at Brunswick and milepost 85.91 at Rockland pursuant to a modified certificate).

⁴ *Me. Dep’t of Transp.—Acquis. & Operation Exemption*, 8 I.C.C.2d at 837, 838 n.8 (stating that MEC will need abandonment authority if it wishes to be relieved of its residual common carrier obligation).

⁵ The filing fee for OFAs can be found at 49 CFR 1002.2(f)(25).

the Board’s Office of Environmental Analysis at (202) 245–0294. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245–0245.

Board decisions and notices are available at www.stb.gov.

Decided: August 30, 2024.

By the Board, Valerie O. Quinn, Acting Director, Office of Proceedings.

Andrea Pope-Matheson,
Clearance Clerk.

[FR Doc. 2024–19963 Filed 9–4–24; 8:45 am]

BILLING CODE 4915–01–P

TENNESSEE VALLEY AUTHORITY

Jugfork Solar Project Environmental Impact Statement

AGENCY: Tennessee Valley Authority.
ACTION: Notice of Intent.

SUMMARY: The Tennessee Valley Authority (TVA) intends to prepare an environmental impact statement (EIS) for the purchase of electricity generated by the proposed Jugfork Solar Project in Lee and Union Counties, Mississippi. The EIS will assess the potential environmental effects of constructing, operating, and maintaining the proposed 200-megawatt (MW) alternating current (AC) solar facility, along with a 20 MW Battery Energy Storage System (BESS). The proposed 200 MW AC solar panel facility would occupy approximately 1,000 acres of the approximately 1,700-acre Project Study Area. The project would also include the upgrade of 6.4 miles of the Tupelo to Union 161-kV transmission line. Public comments are invited concerning the scope of the EIS, alternatives being considered, and environmental issues that should be addressed as a part of this EIS. TVA is also requesting data, information, and analysis relevant to the proposed action from the public; affected federal, state, tribal, and local governments, agencies, and offices; the scientific community; industry; or any other interested party.

DATES: The public scoping period begins with the publication of this Notice of Intent in the **Federal Register**. To ensure consideration, comments must be postmarked, emailed, or submitted online no later than October 7, 2024.

ADDRESSES: Written comments should be sent to Neil Schock, NEPA Specialist, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 11B, Knoxville, Tennessee 37902. Comments may be submitted online at: www.tva.gov/nepa, or by email to nepa@tva.gov. To ensure comments are correctly dispositioned,

please specify the project when submitting comments. Please note that TVA encourages comments submitted electronically.

FOR FURTHER INFORMATION CONTACT: Neil Schock by email at ntschock@tva.gov, by phone at (865) 632-3053, or by mail at the address above.

SUPPLEMENTARY INFORMATION: This notice is provided in accordance with the Council on Environmental Quality's Regulations (40 CFR parts 1500 to 1508) and TVA's procedures for implementing the NEPA (18 CFR 1318). TVA is an agency and instrumentality of the United States, established by an act of Congress in 1933, to foster the social and economic welfare of the people of the Tennessee Valley region and to promote the proper use and conservation of the region's natural resources. One component of this mission is the generation, transmission, and sale of reliable and affordable electric energy.

Background

In June 2019, TVA completed the final Integrated Resource Plan (IRP) and associated EIS. The 2019 IRP identified the various resources that TVA intends to use to meet the energy needs of the TVA region over the 20-year planning period while achieving TVA's objectives to deliver reliable, low-cost, and cleaner energy with fewer environmental impacts. The 2019 IRP anticipates growth of solar in all scenarios analyzed, with most scenarios anticipating 5,000 to 8,000 MW and one anticipating up to 14,000 MW by 2038 (TVA 2019). The 2019 IRP remains valid and guides future generation planning consistent with least cost planning principles. With the demand for solar energy increasing, TVA has an expansion target of 10,000 MW of solar by 2035 (TVA 2021). Customer demand for cleaner energy prompted TVA to release a Request for Proposal (RFP) for renewable energy resources (2022 Carbon-Free RFP).

TVA has entered into a Power Purchase Agreement (PPA) with Competitive Power Ventures (CPV) to purchase 200 MW AC of power generated by the proposed Jugfork Solar Project, hereafter referred to as the Project. The proposed 200 MW AC solar facility would occupy approximately 1,000 acres of the approximately 1,700-acre Project Study Area which is located in Lee and Union Counties, in northeast Mississippi. The project site is north of Tupelo, Mississippi, along State Highway 348 east of New Albany, Mississippi. The project site is mostly farmland with areas of woody wetlands,

deciduous forest, and hay/pasture. The land surplus is to accommodate access roads and the potential repositioning of the array if any areas need to be avoided as a result of the NEPA review. A map showing the project site is available at www.tva.gov/nepa.

Preliminary Proposed Action and Alternatives

In addition to a No Action Alternative, TVA will evaluate the action alternative of purchasing power from the proposed Jugfork Solar Project under the terms of a PPA. In evaluating alternatives, TVA considered other solar proposals, prior to selecting the Jugfork Solar site for further evaluation. Part of the screening process included a review of transmission options, including key connection points to TVA's transmission system. The screening process indicated that the Jugfork site is a viable option for connectivity. Environmental and cultural considerations were also included in TVA's screening process. The EIS will evaluate ways to avoid impacts, as well as mitigate impacts that cannot be avoided. The description and analysis of these alternatives in the EIS will inform decision makers, other agencies, and the public about the potential for environmental impacts. TVA solicits comments on whether there are other alternatives that should be assessed in the EIS.

Project Purpose and Need

The Jugfork Solar Project that was submitted as a result of TVA's 2022 Carbon-Free RFP will help TVA meet the need for additional renewable generating capacity in response to customer demands and fulfill the renewable energy goals established in the 2019 IRP which remains valid. This EIS will identify the purpose and need of the project and will contain descriptions of the existing environmental and socioeconomic resources within the area that could be affected by the proposed solar facility, including the documented historical, cultural, and environmental resources. Evaluation of potential environmental impacts to these resources will include, but not be limited to, air quality and greenhouse gas emissions, surface water, groundwater, wetlands, floodplains, vegetation, wildlife, threatened and endangered species, land use, natural areas and parks and recreation, geology, soils, prime farmland, visual resources, noise, cultural resources, socioeconomic and environmental justice, solid and hazardous waste, public and

occupational health and safety, utilities, and transportation.

Based on a preliminary evaluation of these resources, potential impacts to vegetation and wildlife due to the conversion of deciduous forest of various ages to early maintained grass-dominated fields may occur. Impacts to water resources would likely be minor with the use of best management practices and avoidance of siting project components in or near streams, wetlands, and riparian areas to the extent feasible. Land use would be impacted by the conversion of farmland to industrial use and the elimination of current farming operations. This would also result in visual impacts. Beneficial impacts are expected by facilitating the development of renewable energy and thereby increasing local job opportunities. The EIS will analyze measures that would avoid, minimize, or mitigate environmental effects. The final range of issues to be addressed in the environmental review will be determined, in part, from scoping comments received.

Request for Identification of Potential Alternatives, Information, and Analyses Relevant to the Proposed Action

The final range of issues to be addressed in the environmental review will be determined, in part, from scoping comments received. TVA is particularly interested in public input on other reasonable alternatives that should be considered in the EIS. The preliminary identification of reasonable alternatives and environmental issues in this notice is not meant to be exhaustive or final.

Public Participation

The public is invited to submit comments on the scope of this EIS no later than the date identified in the **DATES** section of this notice. Federal, state, and local agencies and Native American Tribes are also invited to provide comments. Information about this project is available on the TVA web page at www.tva.gov/nepa, including a link to an online public comment page. Any comments received, including names and addresses, will become part of the administrative record and will be available for public inspection. After consideration of comments received during the scoping period, TVA will develop and distribute a scoping document that will summarize public and agency comments that were received and identify the schedule for completing the EIS process. Following analysis of the issues, TVA will prepare the draft EIS for public review and

comment; expected to be released summer of 2025. TVA anticipates the final EIS in spring 2026. In finalizing the EIS and in making its final decision, TVA will consider the comments that it receives on the draft. Information regarding the release of the draft EIS, the associated comment period, the final EIS, and the schedule will be posted on TVA's website.

Michael McCall,
Vice President, Environment and Sustainability.

[FR Doc. 2024-19557 Filed 9-4-24; 8:45 am]

BILLING CODE 8120-08-P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR-2024-0017]

Request for Comments on the U.S.-EU Trade and Technology Council (TTC) Global Trade Challenges Working Group

AGENCY: Office of the United States Trade Representative.

ACTION: Request for comments.

SUMMARY: The Office of the United States Trade Representative (USTR) seeks comments on the U.S.-EU Trade and Technology Council (TTC) Global Trade Challenges Working Group. USTR will use these comments as it considers future TTC-related collaboration it may pursue with the European Commission's Directorate-General for Trade (DG Trade).

DATES: To be assured of consideration, submit written comments by the October 21, 2024, 11:59 p.m. ET deadline.

ADDRESSES: USTR strongly prefers electronic submissions made through the Federal eRulemaking Portal: <http://www.regulations.gov> (*Regulations.gov*). Follow the instructions for submitting comments in section III below, using docket number is USTR-2024-0017. For alternatives to online submissions, please contact Michael Rogers, Deputy Assistant U.S. Trade Representative for Europe, at Michael.A.Rogers@ustr.eop.gov or 202.395.2684, in advance of the deadline.

FOR FURTHER INFORMATION CONTACT: Michael Rogers, Deputy Assistant U.S. Trade Representative for Europe, at Michael.A.Rogers@ustr.eop.gov or 202.395.2684.

SUPPLEMENTARY INFORMATION:

I. Background

On June 15, 2021, the United States and the European Union (EU)

announced the creation of the TTC with goals to:

- Grow the bilateral trade and investment relationship.
- Avoid new unnecessary technical barriers to trade.
- Coordinate, seek common ground, and strengthen global cooperation on technology, digital issues, and supply chains.
- Support collaborative research and exchanges.
- Cooperate on compatible and international standards development.
- Facilitate regulatory policy and enforcement cooperation and, where possible, convergence.
- Promote innovation and leadership by U.S. and European firms.
- Contribute to the creation of a stronger, more sustainable, and more resilient transatlantic marketplace through the facilitation of environmentally responsible trade in goods and technologies.
- Advance cooperation to benefit workers in the global economy.
- Strengthen other areas of cooperation.

The work undertaken in the TTC is without prejudice to the regulatory autonomy of the U.S. and the EU and respects the different legal systems in both jurisdictions.

The U.S. and the EU established ten working groups to undertake the work of the TTC. USTR and DG Trade serve as the U.S. and EU co-chairs of the Global Trade Challenges Working Group (Trade Working Group). Many of the activities of the Trade Working Group fall within three broad categories of cooperation:

1. To enhance inclusive and sustainable bilateral U.S.-EU trade in goods and services, including through the use of digital technology.
2. To address and counter non-market policies and practices that unfairly undermine the competitiveness of U.S. and EU workers and firms.
3. On trade and labor issues, including through the tripartite transatlantic Trade and Labor Dialogue (TALD), established through the TTC.

Non-market policies and practices of concern include, but are not limited to:

- Targeting of key industries for dominance.
- Creation and maintenance of non-market excess capacity.
- Unfair labor practices including the use of forced labor.
- Forced or pressured technology transfer, including through state-sponsored theft of intellectual property.
- Market-distorting industrial subsidies, including support given to and through state-owned enterprises

(SOEs), and all other types of support offered by governments.

- Discriminatory treatment of foreign companies and their products and services in support of industrial policy objectives.
- Anti-competitive and non-market actions of SOEs.

In April 2024, the U.S. and the EU held the sixth ministerial-level meeting of the TTC in Leuven, Belgium. In the joint statement released at the end of the ministerial, the U.S. and the EU announced their intention to consult with stakeholders on the work of the TTC and potential future work that the TTC may undertake.

II. Public Participation

To help inform USTR as it considers future cooperation within the Trade Working Group, USTR invites comments on the following:

- With specific regard to the Trade Working Group's efforts to enhance inclusive and sustainable bilateral trade in goods and services, including through the use of digital tools, how might USTR and DG Trade further improve or expand cooperation in a manner that is mutually beneficial to U.S. and EU stakeholders.
- With specific regard to the work of the Trade Working Group related to non-market policies and practices of third countries:
 - How might USTR and DG Trade expand or enhance our cooperation and coordination of trade tools available to us or to create new tools.
 - How might USTR and DG Trade, respectively or in coordination, use existing tools more effectively to deter and counter non-market policies and practices.
 - Are there particular sectors that USTR and DG Trade should focus on?
 - Are there particular non-market policies and practices that are of greatest concern to you? Why? How do those non-market policies and practices hinder or harm your interests?
- With specific regard to the work of the Trade Working Group related to trade and labor, including within the TALD, how might USTR, the U.S. Department of Labor, DG Trade, and the Directorate-General for Employment expand or enhance our cooperation and coordination to better address the needs of U.S. and EU workers and businesses.
- What steps can USTR take to provide a wide-range of U.S. and EU stakeholders the opportunity to periodically provide suggestions, feedback, and input to the Trade Working Group.

USTR will review these recommendations as it considers

potential future U.S.-EU cooperation within the TTC's Trade Working Group.

III. Procedures for Written Submissions

To be assured of consideration, submit your written comments by the October 21, 2024, 11:59 p.m. ET deadline. All submissions must be in English. USTR strongly encourages submissions via *Regulations.gov*, using Docket Number USTR-2024-0017. To make a submission via *Regulations.gov*, enter Docket Number USTR-2024-0017 in the 'search for' field on the home page and click 'search.' The site will provide a search results page listing all documents associated with this docket. Find a reference to this notice by selecting 'notice' under 'document type' in the 'refine documents results' section on the left side of the screen and click on the link entitled 'comment.' *Regulations.gov* allows users to make submissions by filling in a 'type comment' field, or by attaching a document using the 'upload file' field. USTR prefers that you provide submissions in an attached document and, in such cases, that you write 'see attached' in the 'type comment' field. USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the 'type comment' field.

At the beginning of your submission or on the first page (if an attachment), include the following text: (1) TTC Trade Working Group and (2) your organization's name. Submissions should not exceed 10 single-spaced, standard letter-size pages in 12-point type, including attachments. Please do not attach separate cover letters, exhibits, annexes, or other attachments to electronic submissions; rather, include any in the same file as the submission itself, not as separate files. You will receive a tracking number upon completion of the submission procedure at *Regulations.gov*. The tracking number is confirmation that *Regulations.gov* received your submission. Keep the confirmation for your records.

USTR is not able to provide technical assistance for *Regulations.gov*. For further information on using *Regulations.gov*, please consult the resources provided on the website by clicking on 'How to Use Regulations.gov' on the bottom of the home page. USTR may not consider submissions that you do not make in accordance with these instructions.

If you are unable to provide submissions as requested, please contact Michael Rogers, Deputy Assistant U.S. Trade Representative for Europe, in

advance of the deadline at Michael.A.Rogers@ustr.eop.gov or 202.395.2684, to arrange for an alternative method of transmission. USTR will not accept hand-delivered submissions.

General information concerning USTR is available at www.ustr.gov.

IV. Business Confidential Information (BCI)

If you ask USTR to treat information you submit as BCI, you must certify that the information is business confidential and you would not customarily release it to the public. For any comments submitted electronically containing BCI, the file name of the business confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' at the top of that page. Filers of submissions containing BCI also must submit a public version of their submission that will be placed in the docket for public inspection. The file name of the public version should begin with the character 'P.'

V. Public Viewing of Review Submissions

USTR will post written submissions in the docket for public inspection, except properly designated BCI. You can view submissions at *Regulations.gov* by entering Docket Number USTR-2024-0017 in the search field on the home page.

Bryant Trick,

Assistant U.S. Trade Representative for Europe and the Middle East, Office of the United States Trade Representative.

[FR Doc. 2024-19881 Filed 9-4-24; 8:45 am]

BILLING CODE 3390-F4-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No.: FAA-2023-1385; Summary Notice No. -2024-38]

Petition for Exemption; Summary of Petition Received; Odonata Executive LLC

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: This notice contains a summary of a petition seeking relief from specified requirements of Federal Aviation Regulations. The purpose of this notice is to improve the public's awareness of, and participation in, the

FAA's exemption process. Neither publication of this notice nor the inclusion nor omission of information in the summary is intended to affect the legal status of the petition or its final disposition.

DATES: Comments on this petition must identify the petition docket number and must be received on or before September 25, 2024.

ADDRESSES: Send comments identified by docket number FAA-2023-1385 using any of the following methods:

- **Federal eRulemaking Portal:** Go to <http://www.regulations.gov> and follow the online instructions for sending your comments electronically.

- **Mail:** Send comments to Docket Operations, M-30; U.S. Department of Transportation, 1200 New Jersey Avenue SE, Room W12-140, West Building Ground Floor, Washington, DC 20590-0001.

- **Hand Delivery or Courier:** Take comments to Docket Operations in Room W12-140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC 20590-0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

- **Fax:** Fax comments to Docket Operations at (202) 493-2251.

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

Docket: Background documents or comments received may be read at <http://www.regulations.gov> at any time. Follow the online instructions for accessing the docket or go to the Docket Operations in Room W12-140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC 20590-0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: William Andrews, (202)-267-8181, Office of Rulemaking, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591.

This notice is published pursuant to 14 CFR 11.85.

Issued in Washington, DC.

Dan Ngo,

Manager, Part 11 Petitions Branch, Office of Rulemaking.

Petition for Exemption

Docket No.: FAA–2023–1385.

Petitioner: Odonata Executive LLC.

Section(s) of 14 CFR Affected:

§§ 107.31, 107.33, 107.36.

Description of Relief Sought: Odonata Executive LLC seeks to affix a small caliber firing device to a DJI Matrice 300 RTK small unmanned aircraft system (UAS) to test and evaluate the efficacy for targeting predators for rural predator control. All operations would be conducted at or below 400 ft above ground level (AGL), in Class G Airspace, Beyond Visual Line of Sight (BVLOS), without the use of a visual observer (VO), at speeds not to exceed 25 mph, during night or daylight hours.

[FR Doc. 2024–19948 Filed 9–4–24; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2000–7257, Notice No. 96]

Railroad Safety Advisory Committee; Notice of Meeting

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of public meeting.

SUMMARY: FRA announces the sixty-seventh meeting of the Railroad Safety Advisory Committee (RSAC or Committee), a Federal Advisory Committee that provides advice and recommendations to FRA on railroad safety matters through a consensus process. This meeting of the RSAC will focus on efforts critical to railroad safety including safety improvements in the wake of the February 3, 2023, East Palestine, Ohio, derailment, electronic devices, remote control operations, and roadway worker protection.

DATES: The RSAC meeting is scheduled for Wednesday, October 9, 2024. The meeting will commence at 8:30 a.m. and will adjourn by 4:30 p.m. (all times eastern daylight savings time). Requests to submit written materials to be reviewed during the meeting must be received by September 29, 2024. Requests for accommodations because of a disability must be received by September 29, 2024.

ADDRESSES: The RSAC meeting will be held at the National Association of Home Builders, located at 1201 15th Street NW, Washington, DC 20005.

Please see the RSAC website for additional information on the committee at <https://rsac.fra.dot.gov/>.

FOR FURTHER INFORMATION CONTACT: Mr. Kenton Kilgore, RSAC Designated Federal Officer/RSAC Coordinator, FRA Office of Railroad Safety, (202) 365–3724 or kenton.kilgore@dot.gov. Any Committee-related request should be sent to Mr. Kilgore.

SUPPLEMENTARY INFORMATION: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92–463), FRA is giving notice of a meeting of the RSAC. RSAC is composed of 51 voting representatives from 26 member organizations, representing various rail industry perspectives. The diversity of the Committee ensures the requisite range of views and expertise necessary to discharge its responsibilities.

Public Participation: The meeting is open to the public. Attendance is on a first-come, first served basis, and is accessible to individuals with disabilities. DOT and FRA are committed to providing equal access to this meeting for all participants. If you need alternative formats or services because of a disability, please contact Mr. Kenton Kilgore as listed in the **FOR FURTHER INFORMATION CONTACT** section and submit your request by September 29, 2024. Any member of the public may submit a written statement to the Committee at any time. If a member of the public wants to submit written materials to be reviewed by the Committee during the meeting, it must be received by September 29, 2024.

Agenda Summary: This meeting of the RSAC will include updates from the working groups for train braking modernization and wayside detectors, which were formed in response to the February 3, 2023, Norfolk Southern freight train derailment in East Palestine, Ohio. Working groups for Confidential Close Call Reporting and roadway worker protection will also report to the Committee on their activities. A final agenda will be posted on the RSAC website at <https://rsac.fra.dot.gov/> at least one week in advance of the meeting.

Issued in Washington, DC.

Amitabha Bose,

Administrator.

[FR Doc. 2024–19905 Filed 9–4–24; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[Docket ID OCC–2024–0015]

Minority Depository Institutions Advisory Committee

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice of Federal advisory committee meeting.

SUMMARY: The OCC announces a meeting of the Minority Depository Institutions Advisory Committee (MDIAC).

DATES: The OCC MDIAC will hold a public meeting on Tuesday, September 24, 2024, beginning at 8:30 a.m. eastern daylight time (EDT). The meeting will be in person and virtual.

ADDRESSES: The OCC will hold the September 24, 2024 meeting of the MDIAC at the OCC's offices at 400 7th Street SW, Washington, DC 20219 and virtually.

FOR FURTHER INFORMATION CONTACT: André King, Designated Federal Officer and Assistant Deputy Comptroller, (202) 649–5420, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services. You may also access prior MDIAC meeting materials on the MDIAC page of OCC's website.¹

SUPPLEMENTARY INFORMATION: Under the authority of the Federal Advisory Committee Act (the Act), 5 U.S.C. 1001 *et seq.*, and the regulations implementing the Act at 41 CFR part 102–3, the OCC is announcing that the MDIAC will convene a public meeting at 8:30 a.m. EDT on Tuesday, September 24, 2024. Agenda items will include a discussion of current regulatory and operational topics of interest to the industry, for example, updates on economic trends affecting minority depository institutions and the implementation of rules and policies that affect the operations and consumer compliance activities of minority depository institutions. The agenda also includes a Roundtable discussion with MDIAC members and OCC staff.

The purpose of the meeting is for the MDIAC to advise the OCC on steps the agency may be able to take to ensure the continued health and viability of

¹ <https://www OCC.gov/topics/supervision-and-examination/bank-management/minority-depository-institutions/minority-depository-institutions-advisory-committee.html>.

minority depository institutions and other issues of concern to minority depository institutions. In addition to attending the meeting, members of the public may submit written statements to the MDIAC by email to: MDIAC@occ.treas.gov.

The OCC must receive any written statements no later than 5:00 p.m. EDT on Thursday, September 19, 2024. Members of the public who plan to attend the public meeting should contact the OCC by 5:00 p.m. EDT on Thursday, September 19, 2024—to indicate whether they will attend in person or virtually, and to obtain information about participating in the meeting—via email at MDIAC@occ.treas.gov or by telephone at (202) 649-5420. Attendees should provide their full name, email address, and organization, if any. Members of the public who are deaf, hard of hearing, or have a speech disability, should dial 7-1-1 to access telecommunications relay services for this meeting.

Michael J. Hsu,

Acting Comptroller of the Currency.

[FR Doc. 2024-19915 Filed 9-4-24; 8:45 am]

BILLING CODE 4810-33-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Extension of Information Collection Request Submitted for Public Comment; Comment Request on Burden Related to U.S. Income Tax Return Forms for Individual Taxpayers

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Internal Revenue Service, as part of its continuing effort to reduce paperwork and respondent burden, invites the public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995. Currently, the IRS is soliciting comments concerning the

burden associated with the U.S. Income Tax Return Forms for Individual Taxpayers.

DATES: Written comments should be received on or before November 4, 2024 to be assured of consideration.

ADDRESSES: Direct all written comments to Andres Garcia, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or by email to pra.comments@irs.gov. Please include, “OMB Number: 1545-0074—Public Comment Request Notice” in the Subject line.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of this collection can be directed to R. Joseph Durbala, at (202) 317-5746, at Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or through the internet at RJoseph.Durbala@irs.gov.

SUPPLEMENTARY INFORMATION:

Tax Compliance Burden

Tax compliance burden is defined as the time and money taxpayers spend to comply with their tax filing responsibilities. Time-related activities include recordkeeping, tax planning, gathering tax materials, learning about the law and what you need to do, and completing and submitting the return. Out-of-pocket costs include expenses such as purchasing tax software, paying a third-party preparer, and printing and postage. Tax compliance burden does not include a taxpayer's tax liability, economic inefficiencies caused by sub-optimal choices related to tax deductions or credits, or psychological costs.

Proposed PRA Submission to OMB

Title: U.S. Income Tax Return for Individual Taxpayers.

OMB Number: 1545-0074.

Form Numbers: Form 1040 and affiliated return forms.

Abstract: IRC sections 6011 & 6012 of the Internal Revenue Code require individuals to prepare and file income tax returns annually. These forms and related schedules are used by individuals to report their income subject to tax and compute their correct tax liability. This information collection

request (ICR) covers the actual reporting burden associated with preparing and submitting the prescribed return forms, by individuals required to file Form 1040 and any of its' affiliated forms as explained in the attached table.

Current Actions: There have also been changes in regulatory guidance related to various forms approved under this approval package during the past year. There have been additions and removals of forms included in this approval package. In filing season 2025, the Internal Revenue Service (IRS) will continue to employ its free direct e-file tax return system (Direct File) as an optional service available to taxpayers with supported tax situations.

It is anticipated that all these changes will have an impact on the overall burden and cost estimates requested for this approval package, however these estimates were not finalized at the time of release of this notice. These estimated figures are expected to be available by the release of the 30-day comment notice from OMB. This approval package is being submitted for renewal purposes only.

Type of Review: Revision of a currently approved collection.

Affected Public: Individuals or Households, Farms.

Preliminary Estimated Number of Respondents: 172,900,000.

Preliminary Estimated Time per Respondent (Hours): 13 hrs. 6 mins.

Preliminary Estimated Total Annual Time (Hours): 2,266,000,000.

Preliminary Estimated Total Annual Monetized Time (\$): 46,672,000,000.

Preliminary Estimated Total Out-of-Pockets Costs (\$): 45,684,000,000.

Preliminary Estimated Total Monetized Burden (\$): 92,356,000,000.

Note: Total Monetized Burden = Total Out-of-Pocket Costs + Total Annual Monetized Time.

Note: Amounts below are estimates for Fiscal Year (FY) 2025. Reported time and cost burdens are national averages and do not necessarily reflect a “typical case.” Most taxpayers experience lower than average burden, with taxpayer burden varying considerably by taxpayer type. Detail may not add due to rounding.

ICB ESTIMATES FOR THE 1040/SR/NR/NR-EZ/X SERIES OF RETURNS AND SUPPORTING FORMS AND SCHEDULES [FY2025]

	FY24	Program change due to adjustment	FY25
Number of Respondents	171,800,000	1,100,000	172,900,000
Burden in Hours	2,249,000,000	17,000,000	2,266,000,000
Monetized Time Burden	\$46,342,000,000	\$330,000,000	\$46,672,000,000

ICB ESTIMATES FOR THE 1040/SR/NR/NR-EZ/X SERIES OF RETURNS AND SUPPORTING FORMS AND SCHEDULES—
Continued
[FY2025]

	FY24	Program change due to adjustment	FY25
Out-of-Pocket Costs	\$45,365,000,000	\$319,000,000	\$45,684,000,000
Total Monetized Burden	\$91,707,000,000	\$649,000,000	\$92,356,000,000

The following paragraph applies to all the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

Books or records relating to a collection of information must be retained if their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Desired Focus of Comments: The Internal Revenue Service (IRS) is

particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who

are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, by permitting electronic submissions of responses.

Comments submitted in response to this notice will be summarized and/or included in the ICR for OMB approval of the extension of the information collection; they will also become a matter of public record.

Approved: August 30, 2024.

Ronald J. Durbala,
IRS Tax Analyst.

INDIVIDUAL TAX FORMS

Type	Form No.	Form name	URL	Type	Form No.	Form name	URL
Form	Form 1040	U.S. Individual Income Tax Return.	https://www.irs.gov/pub/irs-dft/f1040-dft.pdf	Form	Form 8275-R	Regulation Disclosure Statement.	https://www.irs.gov/pub/irs-pdf/f8275r.pdf
Instructions ..	Form 1040 (SP)	U.S. Individual Income Tax Return (Spanish version).	https://www.irs.gov/pub/irs-pdf/f1040sp-dft.pdf	Instructions ..	Form 8283	Noncash Charitable Contributions.	https://www.irs.gov/pub/irs-pdf/f8283.pdf
Instructions ..	Form 1040 (SP)	U.S. Individual Income Tax Return (Spanish version).	https://www.irs.gov/pub/irs-pdf/f1040sp-dft.pdf	Instructions ..	Form 8332	Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent.	https://www.irs.gov/pub/irs-pdf/f8332.pdf
Form	Form 1040 Schedule 1.	Form 1040 Schedule 1 Additional Income and Adjustments to Income.	https://www.irs.gov/pub/irs-dft/f1040s1-dft.pdf	Form and Instructions.	Form 8379	Injured Spouse Allocation.	https://www.irs.gov/pub/irs-pdf/f8379.pdf
Form	Form 1040 Schedule 1 (SP).	Form 1040 Schedule 1 Additional Income and Adjustments to Income in Spanish.	https://www.irs.gov/pub/irs-dft/f1040s1s-dft.pdf	Form and Instructions.	Form 8396	Mortgage Interest Credit.	https://www.irs.gov/pub/irs-pdf/f8396.pdf
Form	Form 1040 Schedule 2.	Form 1040 Schedule 2 Additional Taxes (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040s2-dft.pdf	Form	Form 8404	Interest Charge on DISC-Related Deferred Tax Liability.	https://www.irs.gov/pub/irs-pdf/f8404.pdf
Form	Form 1040 Schedule 2 (SP).	Form 1040 Schedule 2 Additional Taxes (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040s2s-dft.pdf	Form and Instructions.	Form 8453	U.S. Individual Income Tax Return for an IRS e-file Return.	https://www.irs.gov/pub/irs-pdf/f8453.pdf
Form	Form 1040 Schedule 3.	Form 1040 Schedule 3 Additional Credits and Payments.	https://www.irs.gov/pub/irs-dft/f1040s3-dft.pdf	Form and Instructions.	Form 8453 (SP)	U.S. Individual Income Tax Return for an IRS e-file Return (Spanish version).	https://www.irs.gov/pub/irs-pdf/f8453sp.pdf
Form	Form 1040 Schedule 3 (SP).	Form 1040 Schedule 3 Additional Credits and Payments (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040s3s-dft.pdf	Form	Form 8582	Passive Activity Loss Limitation.	https://www.irs.gov/pub/irs-pdf/f8582.pdf
Form	Form 1040-C	U.S. Departing Alien Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f1040c.pdf	Instructions ..	Form 8582-CR ...	Passive Activity Credit Limitations.	https://www.irs.gov/pub/irs-pdf/f8582cr.pdf
Instructions ..	Form 1040 X	Amended U.S. Individual Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f1040x.pdf	Form	Form 8586	Low-Income Housing Credit.	https://www.irs.gov/pub/irs-pdf/f8586.pdf
Instructions ..	Form 1040 X	Amended U.S. Individual Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f1040x.pdf	Form	Form 8594	Asset Acquisition Statement Under Section 1060.	https://www.irs.gov/pub/irs-pdf/f8594.pdf
Form	Form 1040 NR ...	U.S. Nonresident Alien Income Tax Return.	https://www.irs.gov/pub/irs-dft/f1040nr-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf
Instructions ..	Form 1040 NR ...	U.S. Nonresident Alien Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f1040nr-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf
Form	Form 1040 NR (SP).	U.S. Nonresident Alien Income Tax Return (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040nrs-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf
Instructions ..	Form 1040 NR (SP).	U.S. Nonresident Alien Income Tax Return (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040nrs-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf
Form	1040 NR (Schedule NEC).	Tax on Income Not Effectively Connected with a U.S. Trade or Business.	https://www.irs.gov/pub/irs-dft/f1040nrn-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf
Form	1040 NR (Schedule NEC) (SP).	Tax on Income Not Effectively Connected with a U.S. Trade or Business (Spanish Version).	https://www.irs.gov/pub/irs-dft/f1040nrns-dft.pdf	Form	Form 8606	Nondeductible IRAs ...	https://www.irs.gov/pub/irs-pdf/f8606.pdf

INDIVIDUAL TAX FORMS—Continued

Type	Form No.	Form name	URL	Type	Form No.	Form name	URL
Form	1040 NR (Schedule A).	Itemized Deductions ..	https://www.irs.gov/pub/irs-dft/f1040nra--dft.pdf	Form	Form 8609-A	Annual Statement for Low-Income Housing Credit.	https://www.irs.gov/pub/irs-pdf/f8609a.pdf
Form	1040 NR (Schedule A) (SP).	Itemized Deductions (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f1040nra.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8609a.pdf
Form	1040 NR (Schedule O).	Other Information	https://www.irs.gov/pub/irs-dft/f1040nro--dft.pdf	Form and Instructions.	Form 8611	Recapture of Low-Income Housing Credit.	https://www.irs.gov/pub/irs-pdf/f8611.pdf
Form	1040 NR (Schedule O) (SP).	Other Information (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f1040ois.pdf	Form	Form 8615	Tax for Certain Children Who Have Unearned Income.	https://www.irs.gov/pub/irs-pdf/f8615.pdf
Form	1040 NR (Schedule P).	Gain or Loss of Foreign Persons from Sale or Exchange of Certain Partnership Interests.	https://www.irs.gov/pub/irs-dft/f1040nrp--dft.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8615.pdf
Form	Form 1040-PR ...	U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) (Version).	https://www.irs.gov/pub/irs-pdf/f1040pr.pdf	Form	Form 8621	Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.	https://www.irs.gov/pub/irs-pdf/f8621.pdf
Instructions ..	.....	U.S. Tax Return for Seniors.	https://www.irs.gov/pub/irs-pdf/f1040sr.pdf	Instructions ..	Form 8621-A	Return by a Shareholder Making Certain Late Elections to End Treatment as a Passive Foreign Investment Company.	https://www.irs.gov/pub/irs-pdf/f8621a.pdf
Form	Form 1040-SR (SP).	Tax Return for Seniors (Spanish version).	https://www.irs.gov/pub/irs-pdf/f1040srs.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8621a.pdf
Form	Form 1040-SS ...	U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico).	https://www.irs.gov/pub/irs-dft/f1040ss--dft.pdf	Form and Instructions.	Form 8689	Allocation of Individual Income Tax to the U.S. Virgin Islands.	https://www.irs.gov/pub/irs-pdf/f8689.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f1040ss.pdf	Form	Form 8697	Interest Computation Under the Look-Back Method for Completed Long-Term Contracts.	https://www.irs.gov/pub/irs-pdf/f8697.pdf
Form	Form 1040-SS (SP).	U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) (Spanish Version).	https://www.irs.gov/pub/irs-dft/f1040ssss--dft.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8697.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-dft/f1040sssa--dft.pdf	Form	Form 8801	Credit for Prior Year Minimum Tax-Individuals, Estates, and Trusts.	https://www.irs.gov/pub/irs-pdf/f8801.pdf
Form	Schedule A (1040).	Itemized Deductions ..	https://www.irs.gov/pub/irs-dft/f1040sa--dft.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8801.pdf

Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040sca.pdf	Form and Instructions ..	Form 8814	Parents' Election to Report Child's Interest and Dividends.	https://www.irs.gov/pub/irs-pdf/i8814.pdf
Form	Schedule B (Form 1040).	Interest and Ordinary Dividends.	https://www.irs.gov/pub/irs-dft/i1040sb--dft.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/i8814.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040sb.pdf	Form and Instructions ..	Form 8815	Exclusion of Interest from Series EE and I U.S. Savings Bonds Issued After 1989.	https://www.irs.gov/pub/irs-pdf/i8815.pdf
Form	Schedule C (Form 1040).	Profit or Loss from Business.	https://www.irs.gov/pub/irs-dft/i1040sc--dft.pdf	Form and Instructions ..	Form 8818	Optional Form to Record Redemption of Series EE and I U.S. Savings Bonds Issued After 1989.	https://www.irs.gov/pub/irs-pdf/i8818.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040sc.pdf	Form and Instructions ..	Form 8820	Orphan Drug Credit ..	https://www.irs.gov/pub/irs-pdf/i8820.pdf
Form	Schedule C (SP) (Form 1040).	Profit or Loss from Business (Spanish Version).	https://www.irs.gov/pub/irs-dft/i1040scs--dft.pdf	Form	Form 8824	Like-Kind Exchanges ..	https://www.irs.gov/pub/irs-pdf/i8824.pdf
Instructions ..	.....	Capital Gains and Losses.	https://www.irs.gov/pub/irs-pdf/i1040scs.pdf	Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i8824.pdf
Form	Schedule D (Form 1040).	.....	https://www.irs.gov/pub/irs-dft/i1040sd--dft.pdf	Form and Instructions ..	Form 8826	Disabled Access Credit.	https://www.irs.gov/pub/irs-pdf/i8826.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040sd.pdf	Form	Form 8828	Recapture of Federal Mortgage Subsidy.	https://www.irs.gov/pub/irs-pdf/i8828.pdf
Form	Schedule E (Form 1040).	Supplemental Income and Loss.	https://www.irs.gov/pub/irs-dft/i1040se--dft.pdf	Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i8828.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040se.pdf	Form	Form 8829	Expenses for Business Use of Your Home.	https://www.irs.gov/pub/irs-pdf/i8829.pdf
Form	Schedule EIC (Form 1040).	Earned Income Credit ..	https://www.irs.gov/pub/irs-dft/i1040sei--dft.pdf	Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i8829.pdf
Form	Schedule EIC (SP) (F. 1040).	Earned Income Credit (Spanish version).	https://www.irs.gov/pub/irs-dft/i1040sep--dft.pdf	Form and Instructions ..	Form 8833	Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).	https://www.irs.gov/pub/irs-pdf/i8833.pdf
Form	Schedule F (Form 1040).	Profit or Loss from Farming.	https://www.irs.gov/pub/irs-dft/i1040sf--dft.pdf	Form	Form 8834	Qualified Electric Vehicle Credit.	https://www.irs.gov/pub/irs-pdf/i8834.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-dft/i1040sf--dft.pdf	Form and Instructions ..	Form 8835	Renewable Electricity, Refined Coal, and Indian Coal Production Credit.	https://www.irs.gov/pub/irs-pdf/i8835.pdf
Form	Schedule F (SP) (Form 1040).	Profit or Loss from Farming (Spanish Version).	https://www.irs.gov/pub/irs-dft/i1040sfs--dft.pdf	Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i8835.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-dft/i1040sfs--dft.pdf	Form and Instructions ..	Form 8838	Consent to Extend the Time To Assess Tax Under Section 367-Gain Recognition Agreement.	https://www.irs.gov/pub/irs-pdf/i8838.pdf
Form	Schedule H (Form 1040).	Household Employment Taxes.	https://www.irs.gov/pub/irs-dft/i1040sh--dft.pdf	Form and Instructions ..	Form 8838-P	Consent To Extend the Time To Assess the Tax Pursuant to the Gain Deferral Method (Section 721(c)).	https://www.irs.gov/pub/irs-dft/i8838p--dft.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-dft/i1040sh--dft.pdf	Form	Form 8839	Qualified Adoption Expenses.	https://www.irs.gov/pub/irs-pdf/i8839.pdf
Form	Schedule H (SP) (Form 1040).	Household Employment Taxes (Spanish Version).	https://www.irs.gov/pub/irs-dft/i1040shs--dft.pdf	Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i8839.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i1040shs.pdf	Form and Instructions ..	Form 8840	Closer Connection Exception Statement for Aliens.	https://www.irs.gov/pub/irs-pdf/i8840.pdf

INDIVIDUAL TAX FORMS—Continued

Type	Form No.	Form name	URL	Type	Form No.	Form name	URL
Form	Schedule H (PR) (Form 1040).	Household Employment Taxes (Puerto Rico Version).	https://www.irs.gov/pub/irs-pdf/f1040prh.pdf	Form and Instructions.	Form 8843	Statement for Exempt Individuals and Individuals with a Medical Condition.	https://www.irs.gov/pub/irs-pdf/f8843.pdf
Instructions ..							
Form	Schedule J (Form 1040).	Income Averaging for Farmers and Fishermen.	https://www.irs.gov/pub/irs-pdf/f1040j.pdf	Form and Instructions.	Form 8844	Empowerment Zone Employment Credit.	https://www.irs.gov/pub/irs-pdf/f8844.pdf
Instructions ..							
Form	Schedule LEP (Form 1040).	Request for Change in Language Preference.	https://www.irs.gov/pub/irs-pdf/f1040lep.pdf	Form	Form 8845	Indian Employment Credit.	https://www.irs.gov/pub/irs-pdf/f8845.pdf
Instructions ..				Form and Instructions.	Form 8846	Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips.	https://www.irs.gov/pub/irs-pdf/f8846.pdf
Form	Schedule LEP (SP) (Form 1040 (SP)).	Request for Change in Language Preference (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f1040lesp.pdf	Form	Form 8853	Archer MSAA and Long-Term Care Insurance Contracts.	https://www.irs.gov/pub/irs-pdf/f8853.pdf
Form	Schedule R (Form 1040).	Credit for the Elderly or the Disabled.	https://www.irs.gov/pub/irs-pdf/f1040sr.pdf	Instructions			
Instructions ..				Form	Form 8854	Initial and Annual Expatiation Statement.	https://www.irs.gov/pub/irs-pdf/f8854.pdf
Form	Schedule SE (Form 1040).	Self-Employment Tax	https://www.irs.gov/pub/irs-pdf/f1040sse.pdf	Instructions			
Instructions ..				Form	Form 8858	Information Return of U.S. Persons with Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs).	https://www.irs.gov/pub/irs-pdf/f8858.pdf
Form	Schedule SE (SP) (Form 1040).	Self-Employment Tax (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f1040sspsp.pdf	Instructions			
Instructions ..				Form	Schedule M (Form 8858).	Transactions Between Foreign Disregarded Entity (FDE) or Foreign Branch (FB) and the Filer or Other Related Entities.	https://www.irs.gov/pub/irs-pdf/f8858sm.pdf
Form and Instructions.	Form 1040 V	Payment Voucher	https://www.irs.gov/pub/irs-pdf/f1040v.pdf	Form	Form 8859	Carryforward of the District of Columbia First-Time Homebuyer Credit.	https://www.irs.gov/pub/irs-pdf/f8859.pdf
Form and Instructions.	Form 1040 ES/OCR.	Estimated Tax for Individuals (Optical Character Recognition with Form 1040V).	Form 1040—ES(OCR) contains four estimated tax payment vouchers. Form 1040—ES (OCR) is included in the 2021 Tax Package 1040ESV mail out.	Form	Form 8862	Information to Claim Earned Income Credit After Disallowance.	https://www.irs.gov/pub/irs-pdf/f8862.pdf
Form and Instructions.	Form 1040 ES	Estimate Tax for Individuals.	https://www.irs.gov/pub/irs-pdf/f1040es.pdf	Instructions			
Form and Instructions.	Form 1040 ES (NR).	U.S. Estimated Tax for Nonresident Alien Individuals.	https://www.irs.gov/pub/irs-pdf/f1040esn.pdf	Form	Form 8862 (SP)	Information to Claim Earned Income Credit After Disallowance (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f8862sp.pdf

Form and Instructions.	Form 1040 ES (PR).	Estimated Federal Tax on Self Employment Income and on Household Employees (Residents of Puerto Rico).	https://www.irs.gov/pub/irs-pdf/f1040es.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8862sp.pdf
Form	Schedule 8812 (Form 1040).	Credits for Qualifying Children and Other Dependents.	https://www.irs.gov/pub/irs-dft/f1040s8-dft.pdf	Form	Form 8863	Education Credits (American Opportunity and Lifetime Learning Credits).	https://www.irs.gov/pub/irs-pdf/i8863.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-dft/f1040s8-dft.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8863.pdf
Form	Schedule 8812 (SP) (Form 1040).	Credits for Qualifying Children and Other Dependents (Spanish version).	https://www.irs.gov/pub/irs-dft/f1040s8-dft.pdf	Form	Form 8864	Biodiesel and Renewable Diesel Fuels Credit.	https://www.irs.gov/pub/irs-pdf/i8864.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-dft/f1040s8-dft.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8864.pdf
Form	172	Net Operating Losses (NOLs) for Individuals, Estates, and Trusts.	https://www.irs.gov/pub/irs-pdf/i1040s8.pdf	Form	Form 8865	Return of U.S. Persons with Respect to Certain Foreign Partnerships.	https://www.irs.gov/pub/irs-pdf/i8865.pdf
Form	Form 461	Limitation on Business Losses.	https://www.irs.gov/pub/irs-pdf/i461.pdf	Form	Schedule K-1 (Form 8865).	Partner's Share of Income, Deductions, Credits, etc.	https://www.irs.gov/pub/irs-pdf/i8865sk1.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i461.pdf	Form	Schedule K-2 (Form 8865).	Partners' Distributive Share Items—International.	https://www.irs.gov/pub/irs-pdf/i8865sk2.pdf
Form and Instructions.	Form 673	Statement for Claiming Exemption from Withholding on Foreign Earned Income Eligible for the Exclusion(s) Provided by Section 911.	https://www.irs.gov/pub/irs-pdf/i673.pdf	Form	Schedule K-3 (Form 8865).	Partner's Share of Income, Deductions, Credits, etc. International.	https://www.irs.gov/pub/irs-pdf/i8865sk3.pdf
Form	Form 926	Return by a U.S. Transferor of Property to a Foreign Corporation.	https://www.irs.gov/pub/irs-pdf/i926.pdf	Form	Schedule O (Form 8865).	Transfer of Property to a Foreign Partnership (Under section 6038B).	https://www.irs.gov/pub/irs-pdf/i8865so.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i926.pdf	Form	Schedule P (Form 8865).	Acquisitions, Dispositions, and Changes of Interests in a Foreign Partnership.	https://www.irs.gov/pub/irs-pdf/i8865sp.pdf
Form	Form 965-A	Individual Report of Net 965 Tax Liability.	https://www.irs.gov/pub/irs-pdf/i965a.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8865.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i965a.pdf	Form	Form 8866	Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method.	https://www.irs.gov/pub/irs-pdf/i8866.pdf
Form	Form 965-C	Transfer Agreement Under 965(h)(3).	https://www.irs.gov/pub/irs-pdf/i965c.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8866.pdf
Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i965c.pdf	.....	Form 8867	Paid Preparer's Due Diligence Checklist.	https://www.irs.gov/pub/irs-pdf/i8867.pdf
Form and Instructions.	Form 970	Application to Use LIFO Inventory Method.	https://www.irs.gov/pub/irs-pdf/i970.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8867.pdf
Form and Instructions.	Form 972	Consent of Shareholder to Include Specific Amount in Gross Income.	https://www.irs.gov/pub/irs-pdf/i972.pdf	Form	Form 8873	Extraterritorial Income Exclusion.	https://www.irs.gov/pub/irs-pdf/i8873.pdf

INDIVIDUAL TAX FORMS—Continued

Type	Form No.	Form name	URL	Type	Form No.	Form name	URL
Form	Form 982	Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment).	https://www.irs.gov/pub/irs-pdf/f982.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8873.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f982.pdf	Form and Instructions.	Form 8874	New Markets Credit ..	https://www.irs.gov/pub/irs-pdf/f8874.pdf
Form	Form 1045	Application for Tentative Refund.	https://www.irs.gov/pub/irs-pdf/f1045.pdf	Form and Instructions.	Form 8878	IRS e-file Signature Authorization for Form 4868 or Form 2350.	https://www.irs.gov/pub/irs-pdf/f8878.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f1045.pdf	Form and Instructions.	Form 8878 SP	IRS e-file Signature Authorization for Form 4868 or Form 2350 (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f8878sp.pdf
Form	Form 1098-F	Fines, Penalties and Other Amounts.	https://www.irs.gov/pub/irs-pdf/f1098f.pdf	Form and Instructions.	Form 8879	IRS e-file Signature Authorization.	https://www.irs.gov/pub/irs-pdf/f8879.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f1098f.pdf	Form and Instructions.	Form 8879 SP	IRS e-file Signature Authorization (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f8879sp.pdf
Form	Form 1116	Foreign Tax Credit (Individual, Estate, or Trust).	https://www.irs.gov/pub/irs-pdf/f1116.pdf	Form and Instructions.	Form 8880	Credit for Qualified Retirement Savings Contributions.	https://www.irs.gov/pub/irs-pdf/f8880.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f1116.pdf	Form	Form 8881	Credit for Small Employer Pension Plan Startup Costs.	https://www.irs.gov/pub/irs-pdf/f8881.pdf
Form and Instructions.	Form 1127	Application for Extension of Time for Payment of Tax Due to Undue Hardship.	https://www.irs.gov/pub/irs-pdf/f1127.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8881.pdf
Form	Form 1128	Application to Adopt, Change or Retain a Tax Year.	https://www.irs.gov/pub/irs-pdf/f1128.pdf	Form and Instructions.	Form 8882	Credit for Employer-Provided Child Care Facilities and Services.	https://www.irs.gov/pub/irs-pdf/f8882.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f1128.pdf	Form	Form 8886	Reportable Transaction Disclosure Statement.	https://www.irs.gov/pub/irs-pdf/f8886.pdf
Form and Instructions.	Form 1310	Statement of Person Claiming Refund Due a Deceased Taxpayer.	https://www.irs.gov/pub/irs-pdf/f1310.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8886.pdf
Form	Form 2106	Employee Business Expenses.	https://www.irs.gov/pub/irs-pdf/f2106.pdf	Form and Instructions.	Form 8888	Allocation of Refund (Including Savings Bond Purchases).	https://www.irs.gov/pub/irs-pdf/f8888.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f2106.pdf	Form	Form 8889	Health Savings Accounts (HSAs).	https://www.irs.gov/pub/irs-pdf/f8889.pdf
Form and Instructions.	Form 2120	Multiple Support Declaration.	https://www.irs.gov/pub/irs-pdf/f2120.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8889.pdf
Form	Form 2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts.	https://www.irs.gov/pub/irs-pdf/f2210.pdf	Form and Instructions.	Form 8896	Low Sulfur Diesel Fuel Production Credit.	https://www.irs.gov/pub/irs-pdf/f8896.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f2210.pdf	Form	Form 8898	Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession.	https://www.irs.gov/pub/irs-pdf/f8898.pdf

Form	Form 2210-F	Underpayment of Estimated Tax by Farmers and Fishermen.	https://www.irs.gov/pub/irs-pdf/f2210f.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/i8998.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f2210f.pdf	Form	Form 8900	Qualified Railroad Track Maintenance Credit.	https://www.irs.gov/pub/irs-pdf/f8900.pdf
Form and Instructions.	Form 2350	Application for Extension of Time to File U.S. Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f2350.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8900.pdf
Form and Instructions.	Form 2350 SP	Application for Extension of Time to File U.S. Income Tax Return (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f2350sp.pdf	Form	Form 8903	Domestic Production Activities Deduction.	https://www.irs.gov/pub/irs-pdf/f8903.pdf
Form	Form 2441	Child and Dependent Care Expenses.	https://www.irs.gov/pub/irs-pdf/f2441.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8903.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f2441.pdf	Form and Instructions.	Form 8906	Distilled Spirits Credit	https://www.irs.gov/pub/irs-pdf/f8906.pdf
Form	Form 2555	Foreign Earned Income.	https://www.irs.gov/pub/irs-pdf/f2555.pdf	Form	Form 8908	Energy Efficient Home Credit.	https://www.irs.gov/pub/irs-pdf/f8908.pdf
Instructions ..	Form 3115	Application for Change in Accounting Method.	https://www.irs.gov/pub/irs-pdf/f3115.pdf	Instructions	Form 8910	Alternative Motor Vehicle Credit.	https://www.irs.gov/pub/irs-pdf/f8910.pdf
Form	Form 3468	Investment Credit	https://www.irs.gov/pub/irs-pdf/f3468.pdf	Form	Form 8911	Alternative Fuel Vehicle Credit.	https://www.irs.gov/pub/irs-pdf/f8911.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f3468.pdf	Instructions	Schedule A (Form 8911).	Alternative Fuel Vehicle Refueling Property.	https://www.irs.gov/pub/irs-dft/f8911sa-dft.pdf
Form	Form 3520	Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts.	https://www.irs.gov/pub/irs-pdf/f3520.pdf	Form	Form 8912	Credit to Holders of Tax Credit Bonds.	https://www.irs.gov/pub/irs-pdf/f8912.pdf
Instructions ..	Form 3520-A	Annual Information Return of Foreign Trust With a U.S. Owner.	https://www.irs.gov/pub/irs-dft/f3520a-dft.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8912.pdf
Form .....	.....	.....	https://www.irs.gov/pub/irs-dft/f3520a-dft.pdf	Form	Form 8915-C	Qualified 2018 Disaster Retirement Plan Distributions and Repayments.	https://www.irs.gov/pub/irs-pdf/f8915c.pdf
Form	Form 3800	General Business Credit.	https://www.irs.gov/pub/irs-pdf/f3800.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8915c.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/f3800.pdf	Form	Form 8915-D	Qualified 2019 Disaster Retirement Plan Distributions and Repayments.	https://www.irs.gov/pub/irs-pdf/f8915d.pdf
Form	Form 3903	Moving Expenses	https://www.irs.gov/pub/irs-pdf/f3903.pdf	Instructions	Form 8915-F	Qualified Disaster Retirement Plan Distributions and Repayments.	https://www.irs.gov/pub/irs-pdf/f8915f.pdf
Form .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f3903.pdf	Form .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8915f.pdf
Form	Form 4070	Employee's Report of Tips to Employer.	.....	Instructions	Form 8919	Uncollected Social Security and Medicare Tax on Wages.	https://www.irs.gov/pub/irs-pdf/f8919.pdf
Form	Form 4070A	Employee's Daily Record of Tips.	.....	Form and Instructions.	Form 8925	Report of Employer-Owned Life Insurance Contracts.	https://www.irs.gov/pub/irs-pdf/f8925.pdf
Form	Form 4136	Credit for Federal Tax Paid on Fuels.	https://www.irs.gov/pub/irs-pdf/f4136.pdf	Form .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8925.pdf

INDIVIDUAL TAX FORMS—Continued

Type	Form No.	Form name	URL	Type	Form No.	Form name	URL
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i4136.pdf	Form and Instructions.	Form 8932	Credit for Employer Differential Wage Payments.	https://www.irs.gov/pub/irs-pdf/i8932.pdf
Form and Instructions.	Form 4137	Social Security and Medicare Tax on Unreported Tip Income.	https://www.irs.gov/pub/irs-pdf/i4137.pdf	Form	Form 8933	Carbon Oxide Sequestration Credit.	https://www.irs.gov/pub/irs-pdf/i8933.pdf
Form	Form 4255	Recapture of Investment Credit.	https://www.irs.gov/pub/irs-pdf/i4255.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8933.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i4255.pdf	Form	Schedule A (Form 8933).	Disposal or Enhanced Oil Recovery Owner Certification.	https://www.irs.gov/pub/irs-dft/i8933sa-dft.pdf
Form and Instructions.	Form 4361	Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders, and Christian Science Practitioners.	https://www.irs.gov/pub/irs-pdf/i4361.pdf	Form	Schedule B (Form 8933).	Disposal Operator Certification.	https://www.irs.gov/pub/irs-dft/i8933sb-dft.pdf
Form	Form 4562	Depreciation and Amortization (Including Information on Listed Property).	https://www.irs.gov/pub/irs-pdf/i4562.pdf	Form	Schedule C (Form 8933).	Enhanced Oil Recovery Operator Certification.	https://www.irs.gov/pub/irs-dft/i8933sc-dft.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i4562.pdf	Form	Schedule D (Form 8933).	Recapture Certification.	https://www.irs.gov/pub/irs-dft/i8933sd-dft.pdf
Form and Instructions.	Form 4563	Exclusion of Income for Bona Fide Residents of American Samoa.	https://www.irs.gov/pub/irs-pdf/i4563.pdf	Form	Schedule E (Form 8933).	Election Certification ..	https://www.irs.gov/pub/irs-dft/i8933se-dft.pdf
Form	Form 4684	Casualties and Thefts	https://www.irs.gov/pub/irs-pdf/i4684.pdf	Form and Instructions.	Form 8936	Clean Vehicle Credits	https://www.irs.gov/pub/irs-pdf/i8936.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i4684.pdf	Form	Schedule A (Form 8936).	Clean Vehicle Credit Amount.	https://www.irs.gov/pub/irs-pdf/i8936sa.pdf
Form	Form 4797	Sale of Business Property.	https://www.irs.gov/pub/irs-pdf/i4797.pdf	Form	Form 8941	Credit for Small Employer Health Insurance Premiums.	https://www.irs.gov/pub/irs-pdf/i8941.pdf
Instructions ..	.....	.....	https://www.irs.gov/pub/irs-pdf/i4797.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8941.pdf
Form and Instructions.	Form 4835	Form Rental Income and Expenses.	https://www.irs.gov/pub/irs-pdf/i4835.pdf	Form	Form 8949	Sales and other Dispositions of Capital Assets.	https://www.irs.gov/pub/irs-pdf/i8949.pdf
Form and Instructions.	Form 4852	Substitute for Form W-2, Wage and Tax Statement or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	https://www.irs.gov/pub/irs-pdf/i4852.pdf	Form	.....	.....	.....
Form and Instructions.	Form 4852 (SF)	Substitute for Form W-2, Wage and Tax Statement or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (Spanish Version).	https://www.irs.gov/pub/irs-pdf/i4852sp.pdf	Instructions	.....	.....	https://www.irs.gov/pub/irs-pdf/i8949.pdf

Form and Instructions.	Form 4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return.	https://www.irs.gov/pub/irs-pdf/f4868.pdf	Form	Form 8958	Allocation of Tax Amounts Between Certain Individuals in Community Property States.	https://www.irs.gov/pub/irs-pdf/f8958.pdf
Form and Instructions.	Form 4868 SP	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (Spanish Version).	https://www.irs.gov/pub/irs-pdf/f4868sp.pdf	Form	Form 8962	Premium Tax Credit (PTC).	https://www.irs.gov/pub/irs-pdf/f8962.pdf
Form and Instructions.	Form 4952	Investment Interest Expense Deduction.	https://www.irs.gov/pub/irs-pdf/f4952.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8992.pdf
Form and Instructions.	Form 4970	Tax on Accumulation Distribution of Trusts.	https://www.irs.gov/pub/irs-pdf/f4970.pdf	Form	Form 8993	Section 250 Deduction for Foreign Derived Intangible Income (FDI) and Global Intangible Low-Taxed Income (GILTI).	https://www.irs.gov/pub/irs-pdf/f8993.pdf
Form and Instructions.	Form 4972	Tax on Lump-Sum Distributions.	https://www.irs.gov/pub/irs-pdf/f4972.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8993.pdf
Form and Instructions.	Form 5074	Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands (CNMI).	https://www.irs.gov/pub/irs-pdf/f4868.pdf	Form	Form 8994	Employer Credit for Paid Family and Medical Leave.	https://www.irs.gov/pub/irs-pdf/f8994.pdf
Form and Instructions.	Form 5213	Election to Postpone Determination as to Whether the Presumption Applies that an Activity is Engaged in for Profit.	https://www.irs.gov/pub/irs-pdf/f5213.pdf	Instructions .....	.....	.....	https://www.irs.gov/pub/irs-pdf/f8994.pdf
Form	Form 5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.	https://www.irs.gov/pub/irs-pdf/f5329.pdf	Form	Form 8995	Qualified Business Income Deduction Simplified Computation.	https://www.irs.gov/pub/irs-pdf/f8995.pdf
Instructions ..	.....	Repayment of the First-Time Homebuyer Credit.	https://www.irs.gov/pub/irs-pdf/f5329.pdf	Instructions	Form 8995-A	Qualified Business Income Deduction.	https://www.irs.gov/pub/irs-pdf/f8995a.pdf
Form	Form 5405	Information Return of U.S. Persons with Respect to Certain Foreign Corporations.	https://www.irs.gov/pub/irs-pdf/f5405.pdf	Form	Schedule A (Form 8995-A).	Specified Service Trades or Businesses.	https://www.irs.gov/pub/irs-pdf/f8995aa.pdf
Form	Form 5471	Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporations.	https://www.irs.gov/pub/irs-pdf/f5471.pdf	Form	Schedule B (Form 8995-A).	Aggregation of Business Operations.	https://www.irs.gov/pub/irs-pdf/f8995ab.pdf
Form	Schedule J (Form 5471).	Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons.	https://www.irs.gov/pub/irs-pdf/f5471sj.pdf	Form	Schedule C (Form 8995-A).	Loss Netting And Carryforward.	https://www.irs.gov/pub/irs-pdf/f8995ac.pdf
Form	Schedule M (Form 5471).		https://www.irs.gov/pub/irs-pdf/f5471sm.pdf ..	Form	Schedule D (Form 8995-A).	Special Rules for Partners of Agricultural or Horticultural Cooperatives.	https://www.irs.gov/pub/irs-pdf/f8995ad.pdf

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[FR Doc. 2024–19918 Filed 9–4–24; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Agency Information Collection Activities; Submission for OMB Review; Comment Request; New Markets Tax Credit Program Application

AGENCY: Departmental Offices, Department of the Treasury.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of the Treasury 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. The public is invited to submit comments on this request.

DATES: Comments should be received on or before October 7, 2024 to be assured of consideration.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

FOR FURTHER INFORMATION CONTACT:

Copies of the submissions may be obtained from Spencer W. Clark by emailing PRA@treasury.gov, calling (202) 927–5331, or viewing the entire information collection request at www.reginfo.gov.

SUPPLEMENTARY INFORMATION:

Community Development Financial Institutions Fund (CDFI Fund)

Title: New Markets Tax Credit Program Application.

OMB Control Number: 1559–0016.

Type of Review: Reinstatement of a previously approved collection.

Description: The New Markets Tax Credit (NMTC) Program provides an incentive to investors in the form of a tax credit, which is expected to stimulate investment in private capital that, and in turn, will facilitate economic and community development in low-income communities. To qualify for an allocation of tax credits under the NMTC Program an entity must be certified as a qualified community development entity and submit an allocation application to the CDFI Fund.

Upon receipt of such applications, the CDFI Fund will conduct a competitive review process to evaluate applications for the receipt of NMTC allocations. The NMTC Program Application has been updated for CY 2024–2026 based upon the CDFI Fund’s review and adjudication of public comments received in response to a **Federal Register** notice issued on February 23, 2024 (89 FR 13801).

Form: New Markets Tax Credit Allocation Application.

Affected Public: Businesses or other for-profits; State, Tribal or Local Governments.

Estimated Number of Respondents: 197.

Frequency of Response: Annually.

Estimated Total Number of Annual Responses: 197.

Estimated Time per Response: 305 hours.

Estimated Total Annual Burden Hours: 60,121.

Authority: 44 U.S.C. 3501 et seq.

Spencer W. Clark,

Treasury PRA Clearance Officer.

[FR Doc. 2024–19957 Filed 9–4–24; 8:45 am]

BILLING CODE 4810–70–P

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900–0891]

Agency Information Collection Activity: COVID–19 Refund Modification

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: Veterans Benefits Administration (VBA), Department of Veterans Affairs (VA), is announcing an opportunity for public comment on the proposed collection of certain information by the agency. Under the Paperwork Reduction Act (PRA) of 1995, Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of a currently approved collection, and allow 60 days for public comment in response to the notice.

DATES: Comments must be received on or before November 4, 2024.

ADDRESSES: Comments must be submitted through www.regulations.gov.

FOR FURTHER INFORMATION CONTACT:

Program-Specific information: Nancy J. Kessinger, 202–632–8924, Nancy.Kessinger@va.gov.

VA PRA information: Maribel Aponte, 202–461–8900, vacopaperworkreduact@va.gov.

SUPPLEMENTARY INFORMATION: Under the PRA of 1995, Federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. This request for comment is being made pursuant to Section 3506(c)(2)(A) of the PRA.

With respect to the following collection of information, VBA invites comments on: (1) whether the proposed collection of information is necessary for the proper performance of VBA’s functions, including whether the information will have practical utility; (2) the accuracy of VBA’s estimate of the burden of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or the use of other forms of information technology.

Title: COVID–19 Refund Modification.

OMB Control Number: 2900–0891.

Type of Review: Extension of a currently approved collection.

Abstract: VA is keeping this information collection open for resubmissions regarding the loan modification options available to servicers that do not require VA’s prior approval to include the COVID–19 Refund Modification, to assist certain COVID–19 impacted veterans as they exit a COVID–19 forbearance. Under 38 U.S.C. 3720(a)(2), Congress has provided the Secretary with discretion “[n]otwithstanding the provisions of any other law” to set the terms and conditions to which the Secretary will consent to loan modifications. Additionally, while VA has outlined in regulation at 38 CFR 36.4315(a) the terms of loan modifications that do not require prior VA approval, VA may waive a regulatory requirement if VA finds the interest of the Government are not adversely affected and such waiver would relieve undue prejudice to a debtor, holder, or other person without impairing the vest rights of any person affected. 38 CFR 36.4338(a).

Affected Public: Individuals or Households.

Estimated Annual Burden: 1,588.

Estimated Average Burden per Respondent: 90 minutes.

Frequency of Response: One time.

Estimated Number of Respondents: 1,059.

Authority: 44 U.S.C. 3501 *et seq.*

Maribel Aponte,

*VA PRA Clearance Officer, Office of
Enterprise and Integration/Data Governance
Analytics, Department of Veterans Affairs.*

[FR Doc. 2024–19939 Filed 9–4–24; 8:45 am]

BILLING CODE 8320–01–P

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900–0501]

Agency Information Collection Activity: Veterans Mortgage Life Insurance Inquiry

AGENCY: Veterans Benefits
Administration, Department of Veterans
Affairs.

ACTION: Notice.

SUMMARY: Veterans Benefits
Administration (VBA), Department of
Veterans Affairs (VA), is announcing an
opportunity for public comment on the
proposed collection of certain
information by the agency. Under the
Paperwork Reduction Act (PRA) of
1995, Federal agencies are required to
publish notice in the **Federal Register**
concerning each proposed collection of
information, including each proposed
extension of a currently approved
collection, and allow 60 days for public
comment in response to the notice.

DATES: Comments must be received on
or before November 4, 2024.

ADDRESSES: Comments must be
submitted through www.regulations.gov.

FOR FURTHER INFORMATION CONTACT:

Program-Specific information: Nancy
Kessinger, 202–632–8924,
nancy.kessinger@va.gov.

VA PRA information: Maribel Aponte,
202–461–8900, vacopaperworkreduct@va.gov.

SUPPLEMENTARY INFORMATION: Under the
PRA of 1995, Federal agencies must
obtain approval from the Office of
Management and Budget (OMB) for each
collection of information they conduct
or sponsor. This request for comment is
being made pursuant to section
3506(c)(2)(A) of the PRA.

With respect to the following
collection of information, VBA invites
comments on: (1) whether the proposed
collection of information is necessary
for the proper performance of VBA's
functions, including whether the
information will have practical utility;
(2) the accuracy of VBA's estimate of the
burden of the proposed collection of
information; (3) ways to enhance the
quality, utility, and clarity of the
information to be collected; and (4)
ways to minimize the burden of the
collection of information on
respondents, including through the use
of automated collection techniques or

the use of other forms of information
technology.

Title: Veterans Mortgage Life
Insurance Inquiry (VA Form 29–0543).

OMB Control Number: 2900–0501.

*https://www.reginfo.gov/public/do/
PRASearch* (Once at this link, you can
enter the OMB Control Number to find
the historical versions of this
Information Collection).

Type of Review: Extension of a
currently approved collection.

Abstract: The Veterans Mortgage Life
Insurance Inquiry solicits information
needed from Veterans for the proper
maintenance of Veterans Mortgage Life
Insurance accounts. The form is
authorized by 38 U.S.C. 2106 and 38
CFR 8a.3(e).

Affected Public: Individuals and
households.

Estimated Annual Burden: 17 hours.

Estimated Average Burden per

Respondent: 5 minutes.

Frequency of Response: On occasion.

Estimated Number of Respondents:
200.

Authority: 44 U.S.C. 3501 *et seq.*

Maribel Aponte,

*VA PRA Clearance Officer, Office of
Enterprise and Integration/Data Governance
Analytics, Department of Veterans Affairs.*

[FR Doc. 2024–19901 Filed 9–4–24; 8:45 am]

BILLING CODE 8320–01–P

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