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FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

Pursuant to 39 CFR 3041.405, the Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to Competitive negotiated service agreement(s). The request(s) may propose the addition of a negotiated service agreement from the Competitive product list or the modification of an existing product currently appearing on the Competitive product list.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

Section II identifies the docket number(s) associated with each Postal Service request, if any, that will be reviewed in a public proceeding as defined by 39 CFR 3010.101(p), the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each such request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 and 39 CFR 3000.114 (Public Representative). The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established. Section II also establishes comment deadline(s) pertaining to each such request.

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are

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).

consistent with the policies of title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive products, and for which financial models, minimum rates, and classification criteria have undergone advance Commission review. See 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)-(d), the Commission does not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

1. *Docket No(s):* CP2021-43; *Filing Title:* USPS Request Concerning Amendment Four to Parcel Select Contract 44, with Material Filed Under Seal; *Filing Acceptance Date:* April 7, 2026; *Filing Authority:* 39 CFR 3035.105 and 39 CFR 3041.505; *Public Representative:* Christopher Mohr; *Comments Due:* April 15, 2026.

2. *Docket No(s):* MC2026-193 and K2026-193; *Filing Title:* USPS Request to Add International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 18 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* April 7, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Maxine Bradley; *Comments Due:* April 15, 2026.

3. *Docket No(s):* MC2026-194 and K2026-194; *Filing Title:* USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage Contract 1499 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* April 7, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Kenneth Moeller; *Comments Due:* April 15, 2026.

III. Summary Proceeding(s)

None. See Section II for public proceedings.

This Notice will be published in the **Federal Register**.

Danielle LeFlore,

Legal Assistant.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105157; File No. SR-OCC-2026-001]

Self-Regulatory Organizations; the Options Clearing Corporation; Order Approving Proposed Rule Change by the Options Clearing Corporation Concerning a Change in Types of Acceptable Collateral and an Update To Mitigate Wrong-Way Risk

April 7, 2026.

I. Introduction

On February 12, 2026, the Options Clearing Corporation ("OCC"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change regarding collateral eligibility and margin requirements (hereinafter "Proposed Rule Change"). The Proposed Rule Change was published for comment in the **Federal Register** on February 27, 2026.³ The Commission has not received any comments on the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Background

OCC is a central counterparty ("CCP"), which means that, as part of its function as a clearing agency, it interposes itself as the buyer to every seller and seller to every buyer for certain financial transactions. As the CCP for the listed options markets in the United States,⁴ as well as for certain futures and stock loans, OCC is exposed to various risks arising from providing

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Act Release No. 104882 (Feb. 24, 2026), 91 FR 9897 (Feb. 27, 2026) (File No. SR-OCC-2026-001) ("Notice").

⁴ OCC describes itself as "the sole clearing agency for standardized equity options listed on a national securities exchange registered with the Commission ('listed options')." See Exchange Act Release No. 96533 (Dec. 19, 2022), 87 FR 79015 (Dec. 23, 2022) (File No. SR-OCC-2022-012).

clearance and settlement services to its Clearing Members.⁵ Because OCC is obligated to perform on the contracts it clears, one such risk that OCC is exposed to is credit risk, including the risk that OCC would not maintain sufficient financial resources to cover exposures if one of its Clearing Members defaults.

One of the ways OCC manages credit risk is through the collection of margin collateral from its Clearing Members. To address the risk that the value of such collateral may be insufficient as the result of price changes, OCC limits the set of assets it accepts as margin collateral and applies controls, such as haircuts and concentration limits, on the collateral it accepts. OCC also addresses credit risk by applying a margin add-on charge to collateralize risks presented by cleared positions involving equities and ETNs issued by a Clearing Member and its affiliates.⁶ As described below, OCC proposes to stop accepting certain types of collateral and to address specific wrong-way risk presented by certain Clearing Member positions.⁷ OCC also proposes a series of organizational and technical changes to its rules related to collateral.

A. Discontinuance of Certain Collateral Types

Currently, OCC's rules provide for various types of assets as margin collateral,⁸ including letters of credit,⁹ or guarantees of payment from a bank, and government-sponsored entity (GSE) debt securities.¹⁰ However, on December 19, 2024, OCC announced its determination to disallow letters of credit and GSE debt securities as

⁵ Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-Laws, available at <https://www.theocc.com/company-information/documents-and-archives/by-laws-and-rules>.

⁶ See Exchange Act Release No. 87718 (Dec. 11, 2019), 84 FR 68992, 68993 (Dec. 17, 2019) (File No. SR-OCC-2019-010).

⁷ Specific wrong-way risk arises at a CCP when an exposure to a participant is highly likely to increase when the creditworthiness of that participant is deteriorating. Exchange Act Release No. 78961 (Sept. 28, 2016), 81 FR 70786, 70816 n.317 (Oct. 13, 2016) (S7-03-14).

⁸ See OCC Rule 604.

⁹ See OCC Rule 604(c) (allowing Clearing Members to deposit letters of credit denominated in U.S. dollars issued by banks or trust companies approved by OCC). OCC also accepts margin collateral in the form of cash, government securities, money market fund shares, and common stock. See OCC Rule 604.

¹⁰ See OCC Rule 604(b)(2). OCC's By-Laws define "GSE debt securities" to mean such debt securities issued by Congressionally chartered corporations as the Risk Committee may from time to time approve for deposit as margin. OCC By-Laws, Article I, Section 1, G.

acceptable collateral.¹¹ OCC states that no Clearing Member has pledged GSE debt securities as margin collateral since July 11, 2023, and that no letters of credit remain on deposit.¹²

To maintain the ability to accept letters of credit and GSE debt securities, consistent with OCC's current rules, would require OCC and its Clearing Members to test the functionality to support these collateral types in the new clearance and settlement system, Ovation.¹³ Further, OCC asserts it would incur additional costs associated with ongoing risk monitoring and reviews of its procedures to support the acceptance of letters of credit and GSE debt securities.¹⁴ As a result, OCC proposes to change its rules to no longer allow Clearing Members to post letters of credit and GSE debt securities as margin collateral.¹⁵

B. Specific Wrong-Way Risk

As noted above, OCC proposes changes designed to address specific wrong-way risk presented by certain Clearing Member positions. Currently, OCC manages wrong-way risk in collateral, in part, by disapproving common stock as margin collateral for a Clearing Member where such stock is issued by the Clearing Member or its affiliate except where the common stock serves as a hedge to the Clearing Member's positions.¹⁶ OCC also applies a margin add-on charge designed to account for specific wrong-way risk (the "SWWR Add-on") in a Clearing Member's positions in cleared contracts.¹⁷ OCC proposes to extend the SWWR Add-on to cover Clearing Member positions in exchange traded products (ETPs) that hold spot cryptocurrency for which the Clearing Member or its affiliate serves as the custodian of the fund's cryptocurrency holdings.¹⁸ OCC believes that extending the SWWR Add-on to spot cryptocurrency ETPs when the Clearing Member is affiliated with the custodian of such ETP is appropriate given the unique custody risks associated with

¹¹ See Notice, 91 FR at 9898. See also, OCC Information Memo #55740 (Dec. 19, 2024), available at <https://infomemo.theocc.com/infomemos?number=55740>.

¹² See Notice, 91 FR at 9898.

¹³ See *id.*

¹⁴ See *id.*

¹⁵ Such changes will affect OCC's By-Laws, Rules, Collateral Risk Management Policy, Default Management Policy, Liquidity Risk Management Framework, and Recovery and Wind-Down Plan.

¹⁶ See Interpretation and Policy .16 to OCC Rule 604.

¹⁷ See Notice, 91 FR at 9899 n.17.

¹⁸ OCC proposes to amend its Margin Policy to effectuate the proposed extension of the SWWR Add-on.

cryptocurrencies.¹⁹ As of the time of filing, OCC represented that only one Clearing Member has an affiliate that is a custodian for a spot cryptocurrency ETP.²⁰ Further, OCC currently limits Clearing Members' ability to pledge such ETPs as margin collateral to the amount that is risk reducing for activity in cleared positions.²¹

C. Reorganization and Technical Changes

Separate from the substantive changes described above, OCC proposes to reorganize its current Rule 604 and to making conforming edits as needed to its Rules to facilitate such reorganization. Specifically, OCC Rule 604 would be replaced by three separate rules addressing: (i) the form of collateral OCC accepts (proposed Rule 604A); (ii) how OCC holds and invests collateral (proposed Rule 604B); and (iii) how OCC values the collateral, respectively (proposed Rule 604C). OCC proposes to further reorganize its rules by incorporating the current interpretations and policies attached to OCC Rule 604 directly into the text of the rule. For example, I&P .07 to OCC Rule 604, which requires assets deposited as collateral with OCC to be free of liens and other encumbrances, would become proposed Rule 604B(b)(1)(B), but otherwise remain virtually intact. Further, OCC proposes other ministerial changes to its Rule 604 and related rules, including breaking up long paragraphs and adding headings,²² renumbering cross-references,²³ and removing unnecessary or inaccurate language.²⁴

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Exchange Act requires the Commission to approve

¹⁹ See Notice, 91 FR at 9899. OCC gave the example of cybersecurity-related theft of the cryptocurrency leading to a decline in the value of the ETP at the same time that the Clearing Member may default on obligations to OCC. *Id.*

²⁰ *Id.*

²¹ See Notice, 91 FR at 9899 n.21. OCC did not propose a change in collateral eligibility related to spot cryptocurrency ETPs.

²² For example, OCC proposes to divide certain provisions of current OCC Rule 604(b)(i) (pertaining to equity issues) into subsections of proposed Rule 604A(b)(2). See Notice, 91 FR at 9900.

²³ For example, the reference in OCC Rule 705 to OCC Rule 604(b)(3) would be replaced with a reference to proposed OCC Rule 604A(b)(2). See Notice, 91 FR at 9902.

²⁴ For example, OCC proposes to remove references to OCC Rule 610T throughout OCC's rules as unnecessary because Rule 610T was removed from OCC's rules following a transitional period to the current escrow deposit program. See Notice, 91 FR at 9902; see also Exchange Act Release No. 78675 (Aug. 25, 2016), 81 FR 60099, 60105 (Aug. 31, 2016) (File No. SR-OCC-2016-009).

a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the organization.²⁵ Under the Commission's Rules of Practice, the "burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization ['SRO'] that proposed the rule change."²⁶

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements, must all be sufficiently detailed and specific to support an affirmative Commission finding,²⁷ and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.²⁸ Moreover, "unquestioning reliance" on an SRO's representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.²⁹

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to OCC. More specifically, for the reasons given below, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Exchange Act,³⁰ and Rules 17ad-22(e)(5), 17ad-22(e)(6), and 17ad-22(e)(21) thereunder, as described in detail below.³¹

A. Consistency With Section 17A(b)(3)(F) of the Exchange Act

Section 17A(b)(3)(F) of the Exchange Act³² 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 and to assure

the safeguarding of securities and funds which are in the custody or control of the clearing or agency or for which it is responsible.

Disallowing certain types of margin collateral, namely GSE debt securities and letters of credit, would reduce the cost and complexity related to both OCC's new clearance and settlement systems and to OCC's monitoring of risks related to such collateral types. As noted above, Clearing Members have not pledged GSE debt securities since 2023 and are not currently pledging letters of credit as margin collateral. As a result, the proposed change in collateral eligibility will reduce operational costs and complexity without affecting current collateral contributions. Reducing operational costs and complexity in this way improves efficiency at OCC, which is consistent with the promotion of prompt and accurate clearance and settlement.

Separately, OCC's proposal to extend the SWWR Add-on will increase the margin collateral collected from a Clearing Member with positions in spot cryptocurrency ETPs for which the Clearing Member or its affiliates serves as the custodian. Collecting margin to recognize the potential loss in value of the ETP concurrent with a Clearing Member default would increase the likelihood that OCC would hold sufficient margin collateral to address the default without resorting to loss mutualization through the use of non-defaulting Clearing Members' contributions to the Clearing Fund. Because it reduces the likelihood of loss mutualization, the Proposed Rule Change is consistent with the safeguarding of securities and funds which are in OCC's custody or control.

Accordingly, the Commission believes that the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act.³³

B. Consistency With Rule 17ad-22(e)(5) Under the Exchange Act

Rule 17ad-22(e)(5) under the Exchange Act requires, in part, that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks.³⁴ As described above, OCC proposes to amend its rules to disallow the posting of GSE debt securities and letters of credit as margin collateral. The removal of these two types of collateral does not

affect the credit, liquidity, or market risk associated with the collateral that OCC will continue to accept as margin (e.g., cash, government securities, money market fund shares, and common stock). Accordingly, the Commission believes that disallowing GSE debt securities and letters of credit as margin collateral is consistent with the requirements of Rule 17ad-22(e)(5).³⁵

C. Consistency With Rule 17ad-22(e)(6) Under the Exchange Act

Rule 17ad-22(e)(6)(i) under the Exchange Act requires that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to cover, if the covered clearing agency provides central counterparty services, its credit exposure to participants by establishing a risk-based margin system that, at a minimum considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.³⁶

As described above, OCC proposes to extend the application of its SWWR Add-on. Specifically, OCC proposes to cover Clearing Member positions in spot cryptocurrency ETPs for which the Clearing Member or its affiliate serves as the custodian of the fund's cryptocurrency holdings. OCC's prior adoption of the SWWR Add-on was consistent with Rule 17Ad-22(e)(6)(i) under the Exchange Act.³⁷ The SWWR Add-on is designed to produce margin levels commensurate with the particular attributes of certain products in terms of the likely recovery available in the event of a default by the issuing Clearing Member.³⁸ Similarly, the default of a Clearing Member may affect the value of a spot cryptocurrency ETP positions where that member is also the fund's custodian. The proposed change will extend the protection provided to OCC by the SWWR Add-on to address a potential loss in value of a Clearing Member's spot cryptocurrency ETP positions, at the time of default, related to the member's (or its affiliate's) role as when that member as the fund's custodian; which would be consistent with OCC's existing limitations on Clearing Members posting such assets as margin collateral.

Accordingly, and for the reasons stated above, the Commission believes the extension of the SWWR Add-on designed to cover specific wrong-way

³⁵ 17 CFR 240.17ad-22(e)(5).

³⁶ 17 CFR 240.17ad-22(e)(6)(i).

³⁷ See Exchange Act Release No. 87718 (Dec. 11, 2019), 84 FR 68992, 68995 (Dec. 17, 2019) (File No. SR-OCC-2019-010).

³⁸ *Id.*

²⁵ 15 U.S.C. 78s(b)(2)(C).

²⁶ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Susquehanna Int'l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

³⁰ 15 U.S.C. 78q-1(b)(3)(F).

³¹ 17 CFR 240.17ad-22(e)(5), (e)(6), and (e)(21).

³² 15 U.S.C. 78q-1(b)(3)(F).

³³ 15 U.S.C. 78q-1(b)(3)(F).

³⁴ 17 CFR 240.17ad-22(e)(5).

risk arising out of a Clearing Member's relationship to a particular underlying product is consistent with Rule 17ad-22(e)(6)(i) under the Exchange Act.³⁹

D. Consistency With Rule 17ad-22(e)(21) Under the Exchange Act

Rule 17ad-22(e)(21) under the Exchange Act requires that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves.⁴⁰ As described above, OCC proposes to disallow GSE debt securities and letters of credit as margin collateral because continuing to accept such collateral carries with it certain costs and complexity. Disallowing such collateral types would reduce the testing required of OCC and its Clearing Members for Ovation. Further, the proposed change will not negatively affect the current set of margin collateral that OCC holds based on OCC's representations that no Clearing Member has pledged GSE debt securities since July 11, 2023, and that no letters of credit remain on deposit. As a result, the proposed change would reduce inefficiency without reducing the effectiveness of Clearing Member collateral currently posted to OCC.

Further, as described above, OCC proposes a number of non-substantive changes to reorganize its margin rules such as consolidating the provisions of Rule 604 and related interpretations and policies and dividing lengthy provisions into subsections with headers. Such changes the non-substantive reorganization and consolidation helps to improve the readability, and, thus, the efficiency and effectiveness of OCC's rules. Relatedly, OCC proposes a number of non-substantive corrections, such as updating cross-references and removing inaccurate or unnecessary language, which will also improve the readability of OCC's margin rules.

Accordingly, and for the reasons stated above, the Commission believes the removal of GSE debt and letters of credit as acceptable margin collateral is consistent with Rule 17ad-22(e)(21) under the Exchange Act.⁴¹

IV. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act, and in particular, with the requirements of with Section 17A(b)(3)(F) of the

Exchange Act,⁴² and Rules 17ad-22(e)(5), 17ad-22(e)(6), and 17ad-22(e)(21) thereunder.⁴³

It is therefore ordered pursuant to Section 19(b)(2) of the Exchange Act⁴⁴ that the proposed rule change (SR-OCC-2026-001) be, and hereby is, approved.⁴⁵

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-06930 Filed 4-9-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105163; File No. SR-FINRA-2026-007]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rules 5130 (Restrictions on the Purchase and Sale of Initial Equity Public Offerings) and 5131 (New Issue Allocations and Distributions)

April 7, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 30, 2026, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 5130 (Restrictions on the Purchase and Sale of Initial Equity Public Offerings) and paragraph (b) (Spinning) of FINRA Rule 5131 (New Issue Allocations and Distributions) to exempt specified collective trust funds ("CTFs").

⁴² 15 U.S.C. 78q-1(b)(3)(F).

⁴³ 17 CFR 240.17ad-22(e)(5), (e)(6), and (e)(21).

⁴⁴ 15 U.S.C. 78s(b)(2).

⁴⁵ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁴⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org> and at the principal office of FINRA.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

Rule 5130 protects the integrity of the public offering process by ensuring that: (1) members make bona fide public offerings of securities at the offering price; (2) members do not withhold securities in a public offering for their own benefit or use such securities to reward persons who are in a position to direct future business to members; and (3) industry insiders, including members and their associated persons, do not take advantage of their insider position to purchase new issues for their own benefit at the expense of public customers.³

Paragraph (a) of Rule 5130 provides that, except as otherwise permitted under the rule, a member (or an associated person) may not sell, or cause to be sold, a new issue to any account in which a restricted person⁴ has a beneficial interest;⁵ a member or an

³ See *Notice to Members* 03-79 (Dec. 2003). The term "new issue" is defined as "any initial public offering of an equity security as defined in Section 3(a)(11) of the Exchange Act, made pursuant to a registration statement or offering circular," subject to a number of exceptions. See Rule 5130(i)(9). The term has the same meaning for purposes of Rule 5131.

⁴ The term "restricted person" includes "members or other broker-dealers," "broker-dealer personnel," "finders and fiduciaries," "portfolio managers," and "persons owning a broker-dealer," as those terms are defined in Rule 5130(i)(10)(A)-(E).

⁵ See Rule 5130(i)(1) ("'Beneficial interest' means any economic interest, such as the right to share in gains or losses. The receipt of a management or performance based fee for operating a collective investment account, or other fees for acting in a fiduciary capacity, shall not be considered a

³⁹ 17 CFR 240.17ad-22(e)(6)(i).

⁴⁰ 17 CFR 240.17ad-22(e)(21).

⁴¹ 17 CFR 240.17ad-22(e)(21).