therefore it was not subject to E.O. 12866 review.

This Proposal, if finalized as proposed, is expected to be a deregulatory action under Executive Order 14192.[111]

List of Subjects in 17 CFR Part 4

Commodity pool operators, Commodity trading advisors, Investment advisers, Reporting and recordkeeping requirements, Securities, Swaps.

For the reasons stated in the preamble, the Commodity Futures Trading Commission proposes to amend 17 CFR part 4, as follows:

PART 4—COMMODITY POOL OPERATORS AND COMMODITY TRADING ADVISORS

■ 1. The authority citation for part 4 shall continue to read as follows:

Authority: 7 U.S.C. 1a, 2, 6(c), 6b, 6c, 6*l*, 6m, 6n, 6*o*, 12a, and 23.

■ 2. Amend § 4.13 by:
■ a. Revising paragraph (a)(2)(ii);
■ b. Revising paragraph (a)(4);
■ c. Revising paragraphs (b)(1)(ii) and (e)(2), to read as follows:

§ 4.13 Exemption from registration as a commodity pool operator.

* * * * *

(a) * * *

(2) * * *

(ii) The total gross capital contributions it receives for units of participation in all of the pools it operates or that it intends to operate do not in the aggregate exceed $800,000.

* * * * *

(4) With respect to each pool for which the person claims exemption under this paragraph (a)(4):

(i) Interests in the pool are exempt from registration under the Securities Act of 1933, and such interests are offered and sold without marketing to the public in the United States, provided that this prohibition on marketing shall not apply to a pool that is also offered pursuant to § 230.506(c) of this title;

(ii) The person is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940;

(iii) The person reasonably believes, at the time of investment (or, in the case of an existing pool, at the time of conversion to a pool meeting the criteria of paragraph (a)(4) of this section), that:

(A) Each natural person participant (including such person's self-directed employee benefit plan, if any) is a natural person listed in paragraph (i) of the definition of ''qualified eligible person'' in § 4.7(a)(6) of this part; and

(B) Each non-natural person participant is a ''qualified eligible person,'' as that term is defined in § 4.7(a)(6) of this part, or an ''accredited investor,'' as that term is defined in §§ 230.501(a)(1)–(3), (a)(7), or (a)(8), of this title;

(iv) The person files Form PF, if it is required to do so by Form PF and/or related securities regulations;

(v) Nothing in paragraph (a)(4) of this section will prohibit the person from claiming an exemption under this section, if it additionally operates one or more pools that meet the criteria of paragraph (a)(3) of this section.

* * * * *

(b) * * *

(1) * * *

(ii) Specify the paragraph number pursuant to which the person is filing the notice (*i.e.,* § 4.13(a)(1), (2), (3), (4) or (5)) and represent that the pool will be operated in accordance with the criteria of that paragraph;

* * * * *

(e) * * *

(2) If a person operates one or more commodity pools described in paragraph (a)(3) or (a)(4) of this section, and one or more pools for which it must be, and is, registered as a commodity pool operator, the person is exempt from the requirements applicable to a registered commodity pool operator with respect to the pool or pools described in paragraph (a)(3) or (a)(4) of this section; *Provided,* that the person:

(i) Furnishes in written communication physically delivered or delivered through electronic transmission to each prospective participant in a pool described in paragraph (a)(3) or (a)(4) of this section that it operates:

(A) A statement that it will operate the pool as if the person was exempt from registration as a commodity pool operator;

(B) A description of the criteria pursuant to which it will so operate the pool;

(ii) Complies with paragraph (c) of this section; and

(iii) Provides each existing participant in a pool that the person elects to operate as described in paragraphs (a)(3) or (a)(4) of this section a right to redeem the participant's interest in the pool, and informs each such participant of that right no later than the time the person commences to operate the pool as described in paragraphs (a)(3) or (a)(4) of this section.

* * * * *

■ 3. Revise § 4.14(a)(8)(i)(D), to read as follows:

§ 4.14 Exemption from registration as a commodity trading advisor.

* * * * *

(a) * * *

(8) * * *

(i) * * *

(D) A commodity pool operator who has claimed an exemption from registration under § 4.13(a)(3) or 4.13(a)(4), or, if registered as a commodity pool operator, who may treat each pool it operates that meets the criteria of § 4.13(a)(3) or 4.13(a)(4) as if it were not so registered; and

* * * * *

Issued in Washington, DC, on August 18, 2026, by the Commission.

Robert Sidman,

Deputy Secretary of the Commission.

Note: The following appendix will not appear in the Code of Federal Regulations.

Commodity Pool Operators and Commodity Trading Advisors: Reduction of Duplicative Regulation Through Intermediary Registration Exemptions; Expansion of the Exemption for Small Commodity Pools—Voting Summary

On this matter, Chairman Selig voted in the affirmative. No Commissioner voted in the negative.

[FR Doc. 2026–17079 Filed 8–20–26; 8:45 am]

BILLING CODE 6351–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[CC–00349938–26]

RIN 1545–BS14

Guidance on Eligible Investments for Trump Accounts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to Trump accounts. The proposed regulations would provide guidance regarding eligible investments, which are the only assets in which Trump account funds may be invested before the first day of the calendar year in which the account beneficiary attains age 18. The proposed regulations would affect account beneficiaries and trustees of Trump accounts.

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[111] *See* Executive Order 14192, Unleashing Prosperity Through Deregulation, 90 FR 9065 (Jan. 31, 2025).

DATES: Written or electronic comments and requests for a public hearing must be received by October 20, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and CC–00349938–26) by following the online instructions for submitting comments. In accordance with 5 U.S.C. 553(b)(4), a summary of this proposed rule is also available on the Federal eRulemaking Portal. 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 for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (CC–00349938–26), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Justin R. Karlin at (202) 317–6842; concerning submissions of comments or a public hearing, the Publications and Regulations Section at (202) 317–6091 (not toll-free numbers) or by email at *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed regulations under section 530A of the Internal Revenue Code (Code) that would amend the Income Tax Regulations (26 CFR part 1). The proposed regulations are issued under the express delegation of authority provided in section 530A(b)(3)(A)(iv), which authorizes the Secretary of the Treasury or the Secretary's delegate (Secretary) to specify criteria (in addition to those listed in section 530A(b)(3)(A)) that a mutual fund or exchange traded fund must meet to be an eligible investment. The proposed regulations are also issued under the express delegation of authority under section 530A(g)(3), which provides that in selecting the trustee of a Trump account created or organized by the Secretary, the Secretary shall take into account the costs imposed by the trustee on the account or the account beneficiary. Finally, the proposed regulations are issued under the express delegation of authority under section 7805(a) of the Code, which authorizes the Secretary to ''prescribe all needful rules and regulations for the enforcement of [the Code], including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.''

Background

I. Statutory Provisions

Section 70204 of Public Law 119–21, 139 Stat. 72 (July 4, 2025), commonly referred to as the One, Big, Beautiful Bill Act, added new sections 530A, 128, and 6434 to the Code. Section 530A provides for the establishment of a Trump account for an eligible individual. Section 128 provides rules for employer contributions to a Trump account. Section 6434 provides rules for a one-time $1,000 pilot program contribution by the Secretary to the Trump account of an eligible child with respect to whom an election is made under section 6434.

A Trump account is an individual retirement account (as defined in section 408(a)) (IRA) not designated as a Roth IRA that is established for the exclusive benefit of an eligible individual (as defined in section 530A(b)(2)) or such eligible individual's beneficiaries under section 530A. Special rules apply to the Trump account during the period that begins when an initial Trump account is first established for an account beneficiary (as defined in section 530A(b)(4)) and ends on December 31 of the calendar year in which the account beneficiary reaches the age of 17 (the growth period). The special rules concern contributions, investments, distributions, and reporting. After the growth period, most of the special rules no longer apply, and the rules under section 408 governing traditional IRAs generally apply.

The definition of a Trump account in section 530A(b)(1)(C)(iii) provides that the written governing instrument creating the Trump account must meet several requirements, one of which is that no part of the account funds will be invested in any asset other than an eligible investment during the growth period.

Section 530A(b)(3)(A) provides that the term *eligible investment* means any mutual fund or exchange traded fund that tracks the returns of a qualified index, does not use leverage, does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and meets such other criteria as the Secretary determines appropriate for purposes of section 530A.

Section 530A(b)(3)(B) provides that the term *qualified index* means the Standard and Poor's 500 stock market index, or any other index that is comprised of equity investments in primarily United States (U.S.) companies, and for which regulated futures contracts (as defined in section 1256(g)(1)) are traded on a qualified board or exchange (as defined in section 1256(g)(7)). Section 530A(b)(3)(B) provides that such term shall not include any industry or sector-specific index, but may include an index based on market capitalization.

II. Published Guidance

Notice 2025–68, 2025–52 IRB 856, informed taxpayers that the Treasury Department and the IRS intend to propose regulations on Trump accounts. The notice described guidance expected to be included in the proposed regulations in the form of answers to specific questions, including questions about eligible investments. Notice 2025–68 requested comments, with a comment period that ended February 20, 2026, and comments received in response to the notice are discussed below.

On March 9, 2026, the Treasury Department and the IRS published a notice of proposed rulemaking (REG–117270–25) in the **Federal Register** (91 FR 11194) on the general requirements for Trump accounts, certain definitions relating to Trump accounts, rules regarding the election to open an initial Trump account, and rules regarding the responsible party for the initial Trump account. On the same day, the Treasury Department and the IRS also published a notice of proposed rulemaking (REG–117002–25) in the **Federal Register** (91 FR 11203) on making an election under section 6434 for the Trump account of an eligible child to receive a $1,000 pilot program contribution. This document proposes rules regarding eligible investments that implement section 530A(b)(1)(C)(iii) and (b)(3). The Treasury Department and the IRS anticipate proposing other rules under section 530A at a future date.

Explanation of Provisions

Proposed § 1.530A–3 would provide guidance relating to eligible investments for Trump accounts. The guidance includes proposed definitions related to eligible investments, rules for determining whether an investment is an eligible investment, and rules on how a trustee [1] of a Trump account ensures that a Trump account meets

[1] A reference to a trustee includes a custodian of an IRA that is a section 408(h) custodial account.

requirements concerning eligible investments.

I. Determining Whether an Investment Is an Eligible Investment

Proposed § 1.530A–3(b) would provide definitions of terms for purposes of section 530A(b)(1)(C)(iii) and (b)(3). The definitions of eligible investment in proposed § 1.530A–3(b)(1) and qualified index in proposed § 1.530A–3(b)(5) restate the definitions in section 530A(b)(3)(A) and (B).

A. Form of Entity

Under section 530A(b)(3)(A), an eligible investment must be either a mutual fund or an exchange traded fund (ETF). Neither *mutual fund* nor *ETF* is defined in the Code. Notice 2025–68, in question and answer (Q&A) D–1, contained definitions of both terms intended to be consistent with their ordinary meanings.

One stakeholder recommended that the definition of ETF be revised so that it would include ETF share classes of mutual funds. The Treasury Department and the IRS agree with the recommendation because ETF share classes are within the category of investments ordinarily referred to as ETFs.

Under proposed § 1.530A–3(b)(2), an ETF would be defined as a domestic corporation (including a regulated investment company (RIC)) that is registered under the Investment Company Act of 1940, Public Law 76–768, 54 Stat. 789 (the 1940 Act), as amended, and that is either (i) an ''exchange-traded fund'' as defined for purposes of the 1940 Act in 17 CFR 270.6c–11(a)(1) or (ii) an entity that operates in substantially the same manner as an exchange-traded fund but that is not described in 17 CFR 270.6c–11(a)(1), such as a unit investment trust or ETF share class of a mutual fund operating as an ETF under exemptive relief granted by the Securities and Exchange Commission.

Like Notice 2025–68, proposed § 1.530A–3(b)(4) would provide that the term *mutual fund* means a domestic corporation (including a RIC) that is registered under the 1940 Act as an open-end company (as defined in 15 U.S.C. 80a–5(a)(1)) and that is not an ETF. Proposed § 1.530A–3(b)(3) would define the term *investment fund* to mean a mutual fund or an ETF.

B. Tracks the Returns of a Qualified Index

Section 530A(b)(3)(A)(i) provides that, to be an eligible investment, a mutual fund or ETF must track the returns of a qualified index. Notice 2025–68 (Q&A D–2) stated that a mutual fund or ETF tracks the returns of an index if its investment objective is to provide investment results that, before fees and expenses, replicate the performance of the index, and the fund holds investments that are reasonably expected to accomplish that objective (by, for example, holding shares of all of the stocks that are constituents of the index in proportion to their weightings).

A stakeholder recommended that guidance emphasize that the standard is a requirement to seek to replicate index returns, rather than to eliminate all deviations of fund performance from index performance. The Treasury Department and the IRS confirm that the reference to the fund's objective is intended to require a fund to seek to replicate the returns of an index.

The stakeholder also recommended clarifying that an investment fund intending to replicate the returns of an index is not always required to hold all the underlying stocks included in its chosen index. An investment fund may hold less than all of the components of an index and still closely track the index's returns. The Treasury Department and the IRS agree that tracking the returns of an index does not require holding each component of the index. The example in the notice was illustrative and not an additional requirement, and proposed § 1.530A–3(c)(1) would acknowledge the possibility of tracking the returns of an index by holding less than all of its components.

Notice 2025–68 (Q&A D–2) also described investment objectives and strategies that are not consistent with tracking the returns of an index: an objective to provide investment results inverse to the performance of the index or a strategy to outperform or perform differently from the index. As examples of the latter, the notice described funds that increase or decrease exposure to some index constituents based on the judgment of advisors, or that hold assets in some or all market conditions intended to decrease or increase the volatility, risk, or current income associated with the index.

Stakeholders have asked whether actively managed investment funds pursuing a strategy other than seeking to replicate the performance of a particular index can be eligible investments. Investing Trump account funds in an investment fund that does not track the returns of an index would be directly contrary to section 530A(b)(3)(A)(i). These proposed regulations would follow section 530A(b)(3)(A)(i), under which an investment fund that is actively managed is not an eligible investment.

One stakeholder expressed concern that the discretion exercised by managers or advisors of typical index funds would prevent those funds from being eligible investments under the standards described in the notice. Managers or advisors exercise discretion in pursuing their objective to replicate the returns of an index, including determining which index components to hold and when to execute trades. The stakeholder suggested that the language of the notice describing increased or decreased exposure to index constituents based on the judgment of advisors might be read as disqualifying an investment based on these or similar exercises of discretion. The Treasury Department and the IRS acknowledge this concern. Accordingly, proposed § 1.530A–3(c)(2) would exclude the reference to the discretion of advisors, so that advisors can make necessary decisions in pursuit of a fund's objective to replicate the performance of an index.

The stakeholder also suggested that the reference to strategies used to ''outperform'' an index be eliminated as unnecessary in light of the more general reference to strategies used to ''perform differently'' from the index. The word ''outperform'' is intended to clarify that an objective to perform differently from an index includes an objective to outperform the index. Therefore, the proposed regulations do not reflect this suggestion.

One stakeholder asked for clarification regarding whether an investment fund may engage in securities lending to generate additional income while still being considered to track the returns of an index. Income from securities lending may be viewed as inconsistent with the general principle in proposed § 1.530A–3(c)(2) that an eligible investment may not use a strategy to perform differently from the relevant index, because securities lending generally increases the current income of the fund. Securities lending, however, appears to be consistent with the language and purposes of section 530A(b)(3). The statute does not mention securities lending, but securities lending by investment funds is common.

Moreover, an investment fund may engage in securities lending in a way that allows the fund to retain all of the economic benefits and burdens associated with the affected security. Section 1058(b) describes conditions under which a securities lending transaction is treated as a nonrecognition transaction to the lender. An investment fund that engages in securities lending continues to provide investors with passive participation in the performance of the index, so long as the fund retains its economic exposure to the securities lent. Therefore, proposed § 1.530A–3(c)(3) would provide, as an exception to the general rule in proposed § 1.530A–3(c)(2), that an investment fund does not fail to track the returns of an index because the investment fund engages in securities lending transactions so long as the fund retains full economic exposure to the securities lent.

Stakeholders requested clarification regarding whether a fund of funds may be an eligible investment. A fund of funds is an investment fund that invests in other investment funds (acquired funds). One stakeholder recommended that a fund of funds tracking multiple indices through its acquired funds be treated as tracking the returns of a qualified index. Section 530A(b)(3)(A)(i) requires an eligible investment to track the returns of ''*a* qualified index'' (emphasis added). A fund of funds that tracks multiple indices is not described in section 530A(b)(3)(A)(i). Providing rules to allow an eligible investment to track multiple indices would also add unnecessary complexity. Therefore, these proposed regulations would not treat any fund, including a fund of funds, that replicates the returns of multiple indices as an eligible investment. However, nothing in these proposed regulations would preclude a fund of funds from being an eligible investment if it tracks a single index and meets all of the other requirements in section 530A(b)(3).

C. Does Not Use Leverage

Section 530A(b)(3)(A)(ii) provides that, to be an eligible investment, a mutual fund or ETF must not use leverage. Notice 2025–68 (Q&A D–3) stated that a mutual fund or ETF is considered to use leverage if, as a result of the fund's use of borrowings, derivatives, or other strategies that are economically equivalent to borrowings, a percentage change in the level of an index tends to cause a materially greater percentage change in the value of the fund's portfolio.

A stakeholder suggested that the leverage standard is unnecessary, because any fund using leverage as described in Q&A D–3 would also be failing to track the returns of an index under Q&A D–2. The stakeholder also explained that investment funds may use borrowing or their equivalents to gain efficient exposure to only a portion of the underlying index and that this practice, if assessed in isolation, may lead to material variations in the portfolio as compared to the performance of the underlying index. The stakeholder suggested that leverage should disqualify an investment fund only if the fund's borrowings or economic equivalents in their totality is inconsistent with the fund's investment objective of seeking to track the returns of a qualified index.

The Treasury Department and the IRS recognize that the requirements in section 530A(b)(3)(A) to track the returns of an index and not to use leverage are closely related, and that in Notice 2025–68, the standard for leverage (Q&A D–3) substantially overlaps with the standard for tracking the returns of an index (Q&A D–2). The alternative standard proposed by the stakeholder, however, would deprive the leverage provision of any significance because any fund excluded for use of leverage under that alternative standard would also be excluded for not tracking the returns of a qualified index. The Treasury Department and the IRS, however, agree with the stakeholder that the statutory exclusion of funds using leverage should not be read to restrict the transactions that regular index funds (those not seeking to multiply or magnify index changes) typically use to gain efficient exposure to an index. The statutory exclusion of investment funds that use leverage should be read to exclude the higher-risk leveraged funds that are less suitable for many Trump account beneficiaries. Therefore, these proposed regulations would define leverage by reference to increased risk.

Proposed § 1.530A–3(d)(1) would provide that an investment fund is considered to use leverage if the fund uses borrowings, derivatives, or other strategies that are economically equivalent to borrowings in a way that materially increases the risk of loss associated with an investment in the investment fund. Under this standard, as under Notice 2025–68, an investment fund uses leverage if, as a result of borrowings or derivatives or another economic equivalent, a change in the level of the index the returns of which the fund seeks to replicate tends to cause a materially greater proportional change in the net value of the fund's portfolio. Consistent with the stakeholder's recommendation, this standard requires an inquiry into risk associated with the fund as a whole and not one transaction in isolation.

Notice 2025–68 explained that borrowings and derivatives not entered into to multiply or magnify index returns generally would not be treated as leverage. The notice included as examples borrowings to provide liquidity for redemptions or for purchases of portfolio securities in connection with investment flows into the fund, and entering into derivatives as part of a fund's strategy to replicate the performance of an index.

Like Notice 2025–68, these proposed regulations would describe uses of borrowings and derivatives that would not be expected to constitute the use of leverage for purposes of section 530A(b)(3)(A)(ii). Under the proposed regulations, however, whether any use of borrowings or derivatives constitutes the use of leverage would depend on whether it materially increases risk of loss. Proposed § 1.530A–3(d)(2) would provide that an investment fund is not considered to use leverage merely because it borrows or uses derivatives as part of its strategy to replicate the performance of an index, so long as the borrowings or derivatives do not materially increase the risk of loss associated with an investment in the investment fund. Thus, an investment fund is not considered to use leverage merely because the fund incurs short-term borrowings to provide liquidity for redemptions or to purchase portfolio securities in connection with investment flows into the fund or because the fund uses derivatives to gain synthetic exposure to certain index components. For an investment fund that engages in securities lending, proposed § 1.530A–3(d)(2) would provide that the investment fund's obligation to return collateral to the borrower of the securities is not treated as leverage so long as the investment fund takes appropriate steps to limit the risk of loss with respect to the collateral. To limit the risk of loss with respect to cash collateral, the investment fund must hold the collateral in cash or highly liquid, conservative positions (like money market funds). To limit the risk of loss with respect to non-cash collateral, the investment fund must not sell the collateral or otherwise use the collateral (for example, by pledging it) to increase the fund's exposure to other assets.

D. Qualified Index

Section 530A(b)(3)(B) provides that a qualified index is the Standard and Poor's 500 stock market index, or any other index that is comprised of equity investments in primarily U.S. companies and for which regulated futures contracts (as defined in section 1256(g)(1)) are traded on a qualified board or exchange (as defined in section 1256(g)(7)). Section 530A(b)(3)(B) also provides that a qualified index does not include any industry or sector-specific index but may include an index based on market capitalization.

Q&A D–5 in Notice 2025–68 stated that an index is considered to be comprised of equity investments if the index is comprised entirely of stocks and similar ownership interests in the form of partnership or membership interests.

Several stakeholders requested guidance that would allow an index with debt instruments as components to be a qualified index. Section 530A(b)(3)(B)(ii)(I) requires a qualified index to be ''comprised of equity investments in primarily [U.S.] companies.'' It is consistent with that statutory language for a qualified index to include some equity investments in non-U.S. companies, but not for a qualified index to include components other than equity investments. Accordingly, proposed § 1.530A–3(e)(5) would contain the same all-equity requirement as the notice.

One stakeholder recommended that a qualified index include a total-market index. While the term *total-market* may have different meanings, an index that represents an equity market broadly, including large-cap, mid-cap, and small-cap companies, may be a qualified index if the index meets the requirements in proposed § 1.530A–3(e). (For example, a regulated futures contract on the index must be traded on a qualified board or exchange and the index must be comprised of equity investments in primarily U.S. companies.)

Q&A D–5 stated that a company is a U.S. company if it is domestic under section 7701(a)(4). It also included a safe harbor under which an index would be treated as comprised of equity investments in primarily U.S. companies if U.S. companies represent at least 90 percent of the index based on their weightings in the index.

Stakeholders suggested that the 90-percent standard in the safe harbor was a higher threshold than what the statutory language suggests. The Treasury Department and the IRS note that a variety of provisions in the Code use ''primarily'' without providing a numerical threshold. A safe harbor provides certainty for some indices, so that the Standard and Poor's 500 stock market index is not the only index assured of meeting the standard. Thus, proposed § 1.530A–3(e)(7) would retain the 90-percent safe harbor approach of the notice.

Q&A D–6 in Notice 2025–68 stated that an index is industry-specific or sector-specific if the inclusion of a company depends on the kind of business or industry in which the company is engaged.

Stakeholders did not comment on that aspect of the qualified index requirement, and proposed § 1.530A–3(e)(2) would provide substantially the same rule. Under proposed § 1.530A–3(e)(1), whether an index is industry-specific or sector-specific would be determined by reference to the index methodology for the index. Proposed § 1.530A–3(e)(1) would require a qualified index to have a publicly available index methodology that describes the criteria for inclusion in the index and the construction of the index.

Q&A D–6 also provided that environmental, social, and governance (ESG) indices are sector-specific. A stakeholder recommended that an index that has criteria for inclusion based on ESG factors not be described as a sector-specific index. The stakeholder explained that describing an ESG index as a sector-specific index may generate confusion about the meaning of the term as it is used in other contexts.

The Treasury Department and the IRS acknowledge that describing an ESG index as a sector-specific index could generate confusion about the meaning of the term. Accordingly, proposed § 1.530A–3(e)(3) would not describe an ESG index as a sector-specific index. Nevertheless, the Treasury Department and the IRS have determined that it is appropriate to exclude investment funds that track ESG indices because they limit exposure to companies in a way that makes them similar to sector-specific funds. Accordingly, under the authority provided in section 530A(b)(3)(A)(iv), proposed § 1.530A–3(e)(3) would provide that any investment fund that tracks the returns of an ESG index is not an eligible investment. Proposed § 1.530A–3(e)(3) would further provide that an ESG index includes any index that has, or is marketed as having, a focus on environmental, social, or governance factors.

Q&A D–6 also defined an index based on market capitalization, the substance of which would remain unchanged in the proposed regulations. Proposed § 1.530A–3(e)(4) would provide that an index is based on market capitalization if the inclusion of a company in the index depends on the company having a market capitalization within a specified range or over or under a specified threshold, or that meets specified ranking criteria.

E. Limit on Annual Fees and Expenses

Section 530A(b)(3)(A)(iii) provides that, to be an eligible investment, a mutual fund or ETF must not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund.

Q&A D–4 in Notice 2025–68 stated that an investment fund would meet the requirements of section 530A(b)(3)(A)(iii) if the sum of its annual fees and its annual expenses is not more than 0.1 percent of the value of the fund's net assets. Q&A D–4 in Notice 2025–68 described a fund's annual fees as including any annual or recurring fees charged by the fund directly to the investor, as disclosed in a fund's prospectus. The notice requested comments on the appropriate treatment of fees charged for transactions.

A stakeholder recommended that all amounts that are not part of an investment fund's expense ratio, including transactional fees such as sales charges, loads, and redemption fees, be excluded from a fund's fees and expenses for purposes of section 530A(b)(3)(A)(iii). Excluding all fees is inconsistent with the language in section 530A(b)(3)(A)(iii), which limits ''fees and expenses.'' Both fees and expenses reduce the real returns to investors. Excluding transactional fees appears to be similarly inconsistent with the language and purposes of section 530A(b)(3)(A)(iii), because an investment fund's fees may be entirely transactional fees and such fees reduce real returns to investors. Moreover, investment funds can structure their fees in a variety of ways. A rule that excludes some fees from the limit in section 530A(b)(3)(A)(iii) based on the form of the fees would create an incentive for investment funds to charge or increase that form of fee. Therefore, the limit on fees and expenses should apply to recurring fees (as under the notice) and other fees (on which the notice requested comments).

Proposed § 1.530A–3(f)(1) would provide that an investment fund is not an eligible investment if the sum of its annual fees and annual expenses is more than 0.1 percent of the net value of its assets. Amounts charged by investment funds directly to investment fund holders are referred to as fees and addressed in proposed § 1.530A–3(f)(2). Amounts borne by investment fund holders indirectly in the form of costs incurred by investment funds are referred to as expenses and addressed in proposed § 1.530A–3(f)(3).

Proposed § 1.530A–3(f)(2)(ii) would provide that an investment fund's fees include all amounts that the fund charges its investment fund holders directly, without regard to how such amounts are computed, when they are imposed, or how such amounts are referred to in securities filings or marketing materials. Under proposed § 1.530A–3(f)(2)(i), the amount of an investment fund's annual fees would generally be the aggregate amount of fees imposed by the investment fund during the most recent fiscal year (for purposes of the fund's securities filings) that has appeared in the fund's prospectus, expressed as a percentage of the investment fund's average net asset value for that fiscal year. If an investment fund's prospectus discloses changes to the fund's fee structure that would increase the annual fee amount, the computation must take into account the change to the fee structure.

Q&A D–4 in Notice 2025–68 indicated that annual fees and annual expenses will not include any amount that is paid to a broker or intermediary and that is not specified or imposed by or on behalf of the fund.

Stakeholders recommended that guidance clarify the treatment of charges not imposed by an investment fund, including custodial fees or fees to cover the administrative and reporting costs associated with a Trump account. One stakeholder pointed out that mutual fund account fees would be treated as fees of the mutual fund, resulting in differing treatment for mutual funds and ETFs. Another stakeholder requested clarification that amounts paid for advice or planning services are not subject to the 0.1 percent limit.

The 0.1 percent limit in section 530A(b)(3)(A)(iii) is part of the definition of an eligible investment. The limit does not apply to trustee fees. Therefore, custodial fees or similar charges that are associated with a Trump account itself rather than with any particular investment fund are analyzed as trustee fees, which are discussed later in this preamble. If an account beneficiary pays an amount to an advisor for advice on whether to open a Trump account or what investment to select, and the advice and the amount are entirely independent of any investment fund, then the amount is not within the scope of the annual fees of an investment fund. Given the definition of annual fees, a rule specifically excluding an amount having no connection to any fund appears to be unnecessary and more likely to confuse than clarify the definition. A sales load, however, is part of a mutual fund's annual fees, even though the amount charged may ultimately benefit a financial intermediary, because it is a cost of investing in a particular investment fund.

Proposed § 1.530A–3(f)(2)(iii) would provide that amounts charged to an account beneficiary by a trustee for providing an account are not treated as part of any investment fund's annual fees but as trustee fees. A fee charged by a Trump account trustee or financial intermediary for a service, such as carrying out a purchase or sale of an investment fund is not considered a part of the investment fund's fees if the fee is not charged on behalf of or at the direction of the investment fund, is not paid (directly or indirectly) to the investment fund, and is not attributable to any cost of offering the investment fund. See part IV of this Explanation of Provisions regarding fees and expenses charged by a Trump account trustee.

Q&A D–4 in Notice 2025–68 described a fund's annual expenses as the amount set forth in its prospectus as total annual operating expenses. Investment funds are already required to compute and report these amounts. A fund's total annual operating expenses is also used to compute the fund's expense ratio, which is a metric that is commonly published and referred to in comparing investment funds. No comments were received regarding the approach to annual expenses in the notice, and proposed § 1.530A–3(f)(3) would provide substantially the same rule.

Proposed § 1.530A–3(f)(3) would provide certain additional clarifications to aid in the computation of a fund's total annual operating expenses. These include that if an investment fund's prospectus lists total operating expenses reduced by fee waivers or expense reimbursements, the reduced amount applies for purposes of section 530A(b)(3)(A)(iii). In addition, proposed § 1.530A–3(f)(3) would provide that if an investment fund has multiple share classes, annual expenses are computed separately for each class, based on the expenses and assets allocable to each class.

II. Trustee Procedures Regarding Eligible Investments

Section 530A(b)(1)(C)(iii) provides that the written governing instrument creating a Trump account must meet the requirement that no part of the account funds will be invested in any asset other than an eligible investment during the growth period.

Q&A D–7 of Notice 2025–68 stated that a trustee must have procedures in place to monitor and enforce the requirements of section 530A(b)(1)(C)(iii). The Q&A stated that it is not sufficient merely for a written governing instrument of a Trump account to state the prohibition of section 530A(b)(1)(C)(iii); the trustee must comply with the prohibition. The Q&A stated that the procedures may, but are not required to, be in the written governing instrument.

A stakeholder questioned whether there is authority for requiring operational compliance with the eligible investment requirements for Trump accounts. Section 530A(b)(1)(C) imposes limits by reference to the written governing instrument of a Trump account, which cannot be enforced by the IRS. Therefore, the stakeholder suggests any failure by a trustee to follow the written governing instrument is a contractual violation enforceable by the account beneficiary.

The Treasury Department and the IRS interpret the language of section 530A(b)(1)(C) as requiring not just specific language to be contained in the written governing instrument but also as requiring operational compliance with the language set forth in the written governing instrument. The trustee is in the best position to ensure that an account meets requirements of section 530A(b)(1)(C), which concern contributions, distributions, and investments. Thus, the trustee must structure its operations to ensure the account meets the requirements. Without such an operational compliance requirement, the written instrument is not, in fact, the written *governing* instrument.

This approach of requiring operational compliance with Code requirements in the written governing instrument is consistent with how the Treasury Department and the IRS have interpreted statutory rules for section 401(a) plans that, on their face, could be read to suggest only a requirement that needs to be set forth in a plan document. For example, section 401(a)(9) provides that ''[a] trust shall not constitute a qualified trust under this subsection *unless the plan provides* that the entire interest of each employee'' will be distributed in accordance with section 401(a)(9)(A) (emphasis added). The Treasury Department and the IRS have interpreted this language as requiring operational compliance in order to maintain qualified plan status under section 401(a).

Proposed § 1.530A–3(g) would provide procedures for a trustee to follow to ensure that Trump account funds are invested in accordance with section 530A(b)(1)(C)(iii), including for selection of eligible investments and default eligible investments, situations in which funds temporarily need not be invested in an eligible investment, and monitoring of investment funds. Many of these procedures involve an account beneficiary, who generally will have another person acting on their behalf while they are a minor.

Proposed § 1.530A–3(g)(2) would provide that the written governing instrument must include the procedures described in proposed § 1.530A–3(g)(4), (5), and (7). Proposed § 1.530A–3(g)(3) would clarify that if an account does not comply with section 530A(b)(1)(C)(iii), taking into account the flexibility added by proposed § 1.530A–3(g), the account will cease to be a Trump account and cease to be an IRA.

Q&A D–7 of Notice 2025–68 also stated that these procedures with respect to the growth period must include at least that the trustee must offer only eligible investments as investment options for a Trump account, and the trustee must select a default eligible investment and must promptly invest any uninvested funds in the default eligible investment, unless directed by or on behalf of the account beneficiary to invest the funds in a different eligible investment.

Stakeholders sought clarification regarding default eligible investments, including whether a trustee may have only one default eligible investment, whether any eligible investment may be the default eligible investment, and whether an account beneficiary may specify another eligible investment as the designated eligible investment for that particular account beneficiary.

Proposed § 1.530A–3(g)(4)(i) would provide that a trustee must limit investments available for Trump account investments to investment funds that the trustee has determined are eligible investments.

Proposed § 1.530A–3(g)(4)(ii) would provide that a trustee must establish for each Trump account under the trustee's administration a default eligible investment in which all contributions, proceeds from sales or other dispositions, and any other amounts for investment (other than amounts addressed by proposed § 1.530A–3(g)(4)(iii)) will be invested unless the account beneficiary specifies that the Trump account be invested in a different eligible investment for the contribution or other amount. Proposed § 1.530A–3(g)(4)(ii) also would provide that the default eligible investment can be a single eligible investment or a combination of eligible investments in specified proportions, and that the default eligible investment(s) must be clearly disclosed to account beneficiaries. Proposed § 1.530A–3(g)(4)(ii) would provide that the requirement to establish a default eligible investment does not preclude arrangements between a trustee and the account beneficiary that give effect to different preferences on an ongoing basis.

Proposed § 1.530A–3(g)(4)(iii) would provide that the trustee of a Trump account must disclose to the account beneficiary how amounts received as dividends or other distributions from eligible investments will be invested unless the account beneficiary gives different instructions regarding the dividends and distributions. For example, amounts received as dividends and distributions might be reinvested in the same eligible investments that paid the dividends or other distributions or invested in the Trump account's default eligible investment. Proposed § 1.530A–3(g)(4)(iii) would also provide that the trustee may give effect to directions from the account beneficiary that a specific distribution, or distributions generally, be invested in a different way that complies with section 530A(b)(1)(C)(iii).

Q&A D–8 of Notice 2025–68 stated that, during the growth period, the trustee's procedures may not permit funds in a Trump account to be invested in a money market fund but may permit an amount received as a contribution, a dividend or other distribution from an eligible investment, or an amount received as a result of a disposition (such as sale) of an eligible investment, to be held in cash for the time reasonably necessary to complete the investment of the amount in an eligible investment.

Stakeholders recommended that amounts should be permitted to be held in cash for the time reasonably necessary to complete a distribution, rollover, or payment of fees. Proposed § 1.530A–3(g)(5)(i) would provide that a trustee may permit an amount received in a Trump account as cash, such as an amount received as a contribution, proceeds of a sale or other disposition, or a distribution, to be held in cash for the time reasonably necessary to complete an investment, reinvestment, distribution, rollover, payment of fees, or other transaction permitted under section 530A.

Q&A D–9 of Notice 2025–68 stated that, during the growth period, the trustee's procedures must require reasonable ongoing monitoring by the trustee regarding whether a fund held by a Trump account continues to be an eligible investment. This Q&A also stated that in the event that a fund held by a Trump account ceases to be an eligible investment during the growth period, the Trump account will no longer be permitted to be invested in such fund.

Stakeholders made a variety of recommendations and sought clarification with respect to the trustee's obligation to monitor the status of its existing investments as eligible investments. These recommendations include providing a safe harbor regarding when a trustee would be treated as satisfying its obligations relating to monitoring investment funds. For example, one stakeholder recommended that trustee monitoring be based on periodic review and reliance on public disclosures. Stakeholders also recommended a 120-day grace period for a fund to regain eligible investment status (by, for example, adjusting its fees and expenses) or for the trustee to dispose of shares in the fund and reinvest the proceeds in an eligible investment.

The Treasury Department and the IRS recognize that day-to-day monitoring by a trustee regarding whether an investment fund continues to be an eligible investment raises significant practical concerns. The Treasury Department and the IRS agree with stakeholders that a safe harbor requiring trustees to make periodic determinations regarding eligible investment status would be more administrable for trustees.

Proposed § 1.530A–3(g)(6) would require that the trustee's procedures provide for monitoring of investment funds in which the trustee's Trump accounts are invested, with an initial determination whether the investment fund is an eligible investment when the trustee first offers the investment fund to any Trump account for which it is the trustee and then subsequent periodic determinations that the investment fund continues to be an eligible investment. Proposed § 1.530A–3(g)(6) would provide that the trustee may rely on an investment fund's prospectus and other public documents required by Federal securities laws in making determinations of eligible investment status. Proposed § 1.530A–3(g)(6) would also provide that a trustee is treated as monitoring investment funds in which the trustee's Trump accounts are invested if the trustee's periodic determinations occur at least once every 12 months.

Proposed § 1.530A–3(g)(5)(ii) would provide that in the event an investment fund ceases to be an eligible investment, the trustee's procedures must require the prompt sale or disposition of shares in the investment fund and the reinvestment of the proceeds in an eligible investment. Specifically, proposed § 1.530A–3(g)(5)(ii)(A) would provide that a trustee must sell or dispose of shares in the investment fund and reinvest the proceeds within 30 days of when the investment fund ceases to be an eligible investment. Proposed § 1.530A–3(g)(5)(ii)(B) would provide that the time when an investment fund is treated as ceasing to be an eligible investment is determined based on whether the trustee is in compliance with the monitoring and periodic determination requirements in proposed § 1.530A–3(g)(6). If the trustee is not in compliance with the monitoring and periodic determination requirements in proposed § 1.530A–3(g)(6), the investment fund is treated as ceasing to be an eligible investment on the first day that the investment fund does not meet the requirements to be an eligible investment. If the trustee is in compliance with the monitoring and periodic determination requirements of proposed § 1.530A–3(g)(6), the time of the trustee's next periodic determination in accordance with proposed § 1.530A–3(g)(6) or, if earlier, the time that the trustee acquires actual knowledge that the investment is no longer an eligible investment, is treated as the time the investment fund ceases to be an eligible investment. This provision is intended to address concerns regarding the timing of identifying and then disposing of shares in an investment fund expressed in stakeholders' requests for specific time thresholds for dispositions.

Stakeholders discussed what notice a trustee should be required to provide to an account beneficiary when an investment fund in which the account beneficiary's funds are invested ceases to be an eligible investment. One stakeholder contemplated notice to an account beneficiary before the trustee reinvests the proceeds from the sale of the fund that ceases to be an eligible investment. The Treasury Department and the IRS believe that requiring notice before reinvestment unnecessarily slows down reinvestment. Proposed § 1.530A–3(g)(5)(ii) would not require notice to account beneficiaries before selling or disposing of shares in the investment fund but would require notice to account beneficiaries after reinvestment of the proceeds about how the proceeds are reinvested.

Proposed § 1.530A–3(g)(7) would provide that if a trustee has adopted the required procedures but a portion of the assets in a Trump account is not invested in an eligible investment due to an administrative error by the trustee (for example, due to an oversight or mistake in applying the procedures), the trustee must sell or dispose of the assets that are not invested in an eligible investment and reinvest the proceeds in an eligible investment within 30 calendar days from the first day that portion was not invested in an eligible investment. Furthermore, the trustee must disclose to the account beneficiary the duration of the error, the assets that were held during the error period, and the amount reinvested in an eligible investment at the end of the error period.

Regarding the proposed correction of administrative errors, the Treasury Department and the IRS are considering providing a rule that would allow a trustee, in the case of its administrative error, to replace, to the extent needed, earnings in the account that the account would have had if the account had been properly invested in an eligible investment. Such replaced earnings would not be considered contributions subject to the contribution limitation under section 530A(c)(2). Comments are requested regarding such a rule.

The Treasury Department and the IRS recognize the importance of helping account beneficiaries receive the benefits of a Trump account, particularly because account beneficiaries are minors. Therefore, in addition to the proposed correction procedures included in these proposed regulations, the Treasury Department and the IRS request comments regarding other failures under section 530A(b)(1)(C) that may be appropriate for correction and proposed corrections for such failures (taking into account that trustees must have procedures in place to prevent most such failures). The Treasury Department and the IRS intend to provide additional correction procedures for trustees, as needed, to correct certain Trump account failures. Comments are additionally requested regarding whether potential Trump account corrections should be included as part of the IRA correction procedure authorized under section 305(c) of Public Law 117–328, 136 Stat. 4459 (December 29, 2022), commonly referred to as the SECURE 2.0 Act.

Q&A D–10 of Notice 2025–68 stated that a trustee may permit funds in a Trump account to be invested in multiple eligible investments. The Treasury Department and the IRS confirm that a Trump account may be invested in any number of eligible investments, and proposed § 1.530A–3(g)(1) would provide that Trump account funds may be invested in one or more eligible investments.

III. Request for Comments Regarding Stock Contributions as Part of a Philanthropic Contribution

The Treasury Department and the IRS intend to exercise regulatory authority conferred by section 530A(a) to issue regulations that would allow contributions of readily tradable public company stock to be made to Trump accounts as part of a philanthropic contribution. The regulations would require that the stock transferred to the Treasury Department for this purpose must satisfy certain criteria and other requirements to be treated as a charitable contribution. All other contributions to Trump accounts would continue to have to be made in cash pursuant to section 408(a)(1), and such funds would continue to be subject to the requirement in section 530A(b)(1)(C)(iii) that they cannot be invested in any asset other than an eligible investment during the growth period.

IV. Request for Comments Regarding Trustee Fees

Section 530A is intended to promote long-term investing for the benefit of children. Section 530A contains provisions designed to maintain a low cost for these accounts. In particular, section 530A(b)(3)(A)(iii) limits eligible investments to those with low annual fees and expenses and section 530A(g) permits the Secretary to take into account costs imposed by the trustee on the account or the account beneficiary when selecting the trustee. Additionally, commenters and other stakeholders have expressed concerns with the potential for fees and expenses to diminish the account balances over time (especially given the small initial balances and long expected holding periods). One commenter raised the concept of expressly prohibiting additional fees because such fees are not contemplated in the statutory language.

The Treasury Department and the IRS are considering ways to keep costs down for these accounts, and request comments on alternative ways in which this might be achieved, including the possibility of prohibiting trustees from charging any fees with respect to the account beneficiary or the eligible investments held by the account beneficiary.

Proposed Applicability Dates

The regulations are proposed to apply to taxable years beginning on or after January 1, 2026, except for paragraph (g) of the regulations, which is proposed to apply to taxable years beginning on or after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register** (finalization date). In accordance with section 7805(b)(2) of the Code, the Treasury Department and the IRS intend to publish final regulations within 18 months of the date of enactment of section 530A. A taxpayer or a trustee may rely on the proposed regulations for taxable years beginning before the finalization date if the taxpayer or trustee, respectively, follows these proposed regulations in their entirety and in a consistent manner.

Special Analyses

I. Regulatory Planning and Review

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

The proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under Executive Order 12866 pursuant to the Memorandum of Agreement (MOA, July 4, 2025) between the Treasury Department and the OMB regarding review of tax regulations. OIRA has determined that the proposed rulemaking is significant under section 3(f) of Executive Order 12866 and subject to review under Executive Order 12866 and section 1(b) of the MOA. Accordingly, the proposed regulations have been reviewed by OMB. This proposed rule is not expected to be considered a regulatory action under Executive Order 14192 because it does not impose any more than de minimis regulatory costs.

Need for Regulation

The proposed regulations would provide guidance relating to eligible investments for Trump accounts under section 530A. The proposed regulations would define terms related to eligible investments, provide rules for determining whether an investment fund is an eligible investment, and provide procedures for a trustee of a Trump account to ensure that a Trump account meets requirements concerning eligible investments.

The Statute and the Proposed Regulations

Public Law 119–21, commonly referred to as the One, Big, Beautiful Bill Act, added new sections 530A, 128, and 6434 to the Code. Section 530A describes Trump accounts, section 128 describes certain employer contributions to Trump accounts, and section 6434 describes the Trump accounts contribution pilot program. The proposed regulations provide guidance on eligible investments in a Trump account under section 530A(b)(3).

Section 530A defines a Trump account as an IRA with some special rules. Most special rules that distinguish Trump accounts from other IRAs apply only during the growth period. The first day of the growth period is the day the account is established, and the final day of the growth period is December 31 of the calendar year in which the account beneficiary attains age 17. The rules for traditional IRAs generally apply after the growth period. A Trump account may be established for the benefit of a child prior to the calendar year in which the child attains age 18 if the child has been issued a social security number.

In general, distributions from Trump accounts are not permitted during the growth period. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to a new Trump account of the account beneficiary. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to an ABLE account of the account beneficiary in the calendar year the account beneficiary attains age 17.

Funds in a Trump account may only be invested in eligible investments during the growth period. An eligible investment generally is a mutual fund or ETF that tracks an equity index of primarily U.S. companies, such as the S&P 500 index, does not use leverage, and has annual fees and expenses of no more than 0.1 percent of the balance of the investment in the fund.

Trump accounts may receive contributions from nonprofits, governments, employers, and individuals. In general, contributions to a Trump account are subject to an annual limit of $5,000, adjusted for inflation.

Governments and nonprofits may make qualified general contributions through the Treasury Department, and such contributions must be allocated in equal amounts to the Trump accounts of every account beneficiary in a qualified class. Qualified general contributions from governments and nonprofits through the Treasury Department do not count towards the $5,000 annual contribution limit.

Section 128 sets rules for certain employer contributions to Trump accounts. Employers may contribute to the Trump account of an employee or an employee's dependent. Section 128 employer contributions to a Trump account are excluded from the employee's income, up to an annual limit of $2,500, adjusted for inflation. Section 128 employer contributions count towards the $5,000 annual contribution limit.

Section 6434 describes the Trump accounts contribution pilot program. In the pilot program, the Secretary will pay $1,000 to the Trump accounts of eligible children. A U.S. citizen born in 2025, 2026, 2027, or 2028 who has been issued a social security number and for whom no request for a pilot program contribution has previously been processed is eligible for a pilot program contribution. Pilot program contributions do not count towards the $5,000 annual contribution limit.

All other contributions to a Trump account, including contributions from friends or family members, are non-deductible contributions (they create investment in the contract) and count towards the $5,000 annual contribution limit.

The proposed regulations (§ 1.530A–3) are just one piece of the implementation of section 530A; prior guidance addressed the election to open an initial Trump account (§ 1.530A–1), and future guidance will address other issues (§§ 1.530A–2, 1.530A–4, 1.530A–5, and 1.530A–6). The proposed regulations would define the following terms for the purposes of implementing section 530A: ETF, mutual fund, and investment fund. For implementing section 530A, the definition of ETF is taken from 17 CFR 270.6c 11(a)(1), modified to include entities that operate in substantially the same manner. For implementing section 530A, the definition of mutual fund is taken from 15 U.S.C. 80a–5(a)(1), modified to exclude ETFs. An investment fund is an ETF or a mutual fund.

The proposed regulations would provide rules for determining whether an investment fund is an eligible investment. The rules would clarify that an investment fund (1) tracks the returns of an index if it seeks to provide investment results that replicate the performance of the index and the fund holds investments that are reasonably expected to accomplish that objective, (2) uses leverage if it uses borrowings, derivatives, or other strategies that are economically equivalent to borrowings in a way that materially increases the risk of loss associated with an investment in the fund, and (3) is not an eligible investment if it charges annual fees and annual expenses of more than 0.1% of the net value of its assets. The rules would clarify that an investment fund is not an eligible investment if it corresponds to the returns of an ESG index. The rules would clarify that, to be a qualified index, an index (1) must have a publicly available index methodology, (2) must not include a stock or similar ownership interest based on the industry of the issuing company, and (3) must be comprised of stocks and interests in companies that are primarily domestic under section 7701(a)(4). The rules would provide a safe harbor that an index with at least 90 percent U.S. companies by index weight is considered to be primarily U.S. companies.

The proposed regulations would provide procedures for a trustee of a Trump account to ensure that funds are invested in an eligible investment. A trustee would be required to ensure that investment funds available for a Trump account are eligible investments and that contributions to a Trump account are invested in an eligible investment by default. A trustee would generally be required to ensure that an investment fund held by a Trump account that ceases to be an eligible investment is disposed and the proceeds reinvested in an eligible investment within 30 days of ceasing to be an eligible investment. However, if a trustee makes periodic determinations of whether an investment fund is an eligible investment based on public documents at least once every 12 months, then the trustee would generally be permitted to rely on the periodic determinations, and the trustee would be required to ensure that an investment fund that ceases to be an eligible investment is disposed and the proceeds reinvested within 30 days of the periodic determination.

Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the proposed regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of these proposed regulations.

Affected Entities and Taxpayers

The proposed regulations are expected to affect 85 million children in 44 million families.

Economic Effects of the Proposed Regulations

Share of U.S. Equities

The proposed regulations would clarify how to apply the statutory requirement that investment funds held by Trump accounts track the returns of an index of equities in ‘‘primarily’’ U.S. companies. The proposed regulations would provide a safe harbor that an index with at least 90 percent U.S. companies by index weight is considered to be ‘‘primarily’’ U.S. companies. Alternatives would be to provide a safe harbor with a different percentage or no safe harbor. The 90 percent threshold is low enough to accommodate temporary changes in indexes that are generally designed to track the returns of U.S. companies and high enough to clearly align with the statutory language. A safe harbor gives trustees the legal certainty they need to provide appropriate investment fund alternatives in Trump accounts.

The statute explicitly allows investment funds to track the Standard & Poor’s 500 (S&P 500) stock market index. The companies in the S&P 500 ended 2025 with a market capitalization of $58 trillion. There are many other indexes that satisfy the safe harbor. For example, the Center for Research in Security Prices (CRSP) U.S. total market index, which includes companies that ended 2025 with a market capitalization of $65 trillion, and the Nasdaq Composite index, which includes companies that ended 2025 with a market capitalization of $35 trillion. Trustees are likely to act cautiously by choosing indexes that do not approach the safe harbor, so the impact of the safe harbor relative to a slightly different percentage or no safe harbor is likely small.

Assessment Frequency

The proposed regulations would clarify how often a trustee must determine whether an investment fund held by Trump accounts is an eligible investment. The proposed regulations would allow a trustee to rely on periodic determinations of whether an investment fund is an eligible investment based on public documents if the trustee makes the periodic determinations at least once every 12 months. Alternatives would be to require assessment more frequently, such as quarterly, or to require continuous monitoring. An annual determination is frequent enough to identify changes in fund or index eligibility, while avoiding a continuous-monitoring requirement that could discourage trustees from offering otherwise appropriate investment fund alternatives. A safe harbor gives trustees the legal certainty they need to administer Trump accounts without unnecessary compliance costs.

Annual assessment is consistent with other significant financial reporting cycles. Public companies generally file one annual report on Form 10–K each year. Public companies also generally file quarterly reports on Form 10–Q for the first three fiscal quarters. Requiring trustees to reassess fund eligibility more often than annually could impose recurring review obligations that exceed what is necessary to confirm that funds remain aligned with statutory requirements. Trustees are likely to act cautiously by selecting funds and indexes that clearly satisfy the requirements, so the impact of allowing annual determinations relative to a more frequent requirement is likely small.

Disposal of Ineligible Investments

The proposed regulations would clarify how quickly a trustee must ensure disposal of an investment fund held by Trump accounts after the fund no longer satisfies the statutory requirements (or after a periodic determination to that effect). The proposed regulations would allow a Trump account not to lose its status as a Trump account if the disposal occurs within 30 days. Alternatives would be to allow shorter or longer remediation periods or not to allow any remediation. A 30-day period is short enough to ensure that Trump accounts are not maintained in ineligible investments for an extended period and long enough to permit orderly trading and operational processing. A reasonable remediation period gives trustees the legal certainty they need to correct eligibility issues without forcing rushed transactions that may be impractical or disadvantageous.

Correction periods in other retirement and tax contexts commonly allow time for orderly correction rather than requiring immediate action. For example, under IRS self-correction rules, many significant retirement plan operational failures may be corrected before the end of the third plan year after the year of the failure. The excise tax rules for prohibited transactions also distinguish between an initial tax of 15 percent of the amount involved and an additional 100 percent tax if the transaction is not corrected within the taxable period. Compared with these longer correction frameworks, a 30-day disposal period is relatively prompt. Trustees are likely to act cautiously by selecting funds that clearly satisfy the requirements and by disposing of ineligible investments soon after an issue is identified, so the impact of the 30-day remediation period is likely small.

Prohibition on ESG Criteria

The proposed regulations would specify that an investment fund is not an eligible investment for Trump accounts if it corresponds to the returns of an ESG index. An alternative would be to permit funds that track ESG indexes. Whether funds that track ESG indexes are available or not in Trump accounts has very little economic impact. A meta-analysis of ESG studies found that ''ESG investing returns were generally indistinguishable from conventional investing returns''.[2] Demand for ESG indexes is a small share of the market for passively managed funds. At the end of 2025, U.S. passively managed mutual funds and ETFs held $19.4 trillion in net assets while sustainable funds, including funds that track ESG indexes, held $368 billion in net assets, according to Morningstar.[3 4] Given the small percentage of assets invested in funds that track ESG indexes, it is reasonable to believe that most adults managing Trump accounts on behalf of children would not have chosen investment funds that track ESG indexes even if they were available.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) generally requires that a Federal agency obtain the approval of the OMB before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. 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 control number.

The collections of information in these proposed regulations contain third-party disclosure and recordkeeping requirements that are necessary to ensure that no part of the account funds will be invested in any asset other than an eligible investment during the growth period as required under section 530A(b)(1)(C)(iii). These collections of information generally would be used by the IRS for tax compliance purposes and by account beneficiaries and trustees to ensure the account qualifies as a Trump account.

This proposed regulation provides that beneficiaries can direct trustees how to allocate funds among eligible investments. Clients being able to allocate funds within their accounts is a usual and customary business practice. Usual and customary business records are incurred as a normal course of business activities and are excluded from the definition of burden under 5 CFR 1320.3(b)(2).

The proposed regulation includes third-party disclosures and associated recordkeeping requirements from trustees to account beneficiaries (or ''legally responsible parties''). IRS is soliciting feedback on these collection requirements and their associated burdens. IRS anticipates that the likely respondents are businesses and for-profit organizations. Table 1 provides a high-level description of the collection requirements and the regulatory section that include additional details. Table 2 provides the estimated burden placed on trustees for each collection requirement.

TABLE 1—DESCRIPTION OF COLLECTIONS

OMB control No.	Collection type	New or revised collection	Description	Regulatory section with additional details
1545–NEW	Third-party Disclosure and Recordkeeping.	New	Written governing instruments	26 CFR 1.530A–3(g)(2).
1545–NEW	Third-party Disclosure and Recordkeeping.	New	Disclosure of a default eligible investment.	26 CFR 1.530A–3(g)(4)(ii).
1545–NEW	Third-party Disclosure and Recordkeeping.	New	Disclosure of how dividends are invested.	26 CFR 1.530A–3(g)(4)(iii).
1545–NEW	Third-party Disclosure and Recordkeeping.	New	Disclosure of a reinvestment due to investment ineligibility.	26 CFR 1.530A–3(g)(5)(ii).
1545–NEW	Third-party Disclosure and Recordkeeping.	New	Disclosure of a reinvestment due to administrative error.	26 CFR 1.530A–3(g)(7).
1545–NEW	Recordkeeping	New	Periodic determinations of account eligibility.	26 CFR 1.530A–3(g)(6).

[2] Whelan, Tensie, et al. *ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015–2020.* NYU Stern Center for Sustainable Business and Rockefeller Asset Management, 2021. *https://www.stern.nyu.edu/sites/default/files/assets/documents/ESG%20Paper%20Aug%202021.pdf.*

[3] Carter, David, and Jack Bullard. *U.S. Fund Flows: December 2025.* Morningstar, 2026. *https://assets.contentstack.io/v3/assets/blt9415ea4cc4157833/bltb441ce3c78f39445/2025_US_Fund_Flows.pdf.*

[4] Bioy, Hortense, et al. *Global Sustainable Fund Flows: Q4 and Full-Year 2025 in Review.* Morningstar Sustainalytics, 2026. *https://assets.contentstack.io/v3/assets/blt9415ea4cc4157833/blt1d54e64f88b82b3b/Global_ESG_Flows_Q4_2025_Report.pdf.*

TABLE 2—ESTIMATED BURDEN

Collection	Estimated number of respondents	Estimated frequency of responses	Estimated average annual burden per response	Estimated total annual burden hours
26 CFR 1.530A–3(g)(2), (g)(4)(ii), (g)(4)(iii)—*Draft the written governing instruments and related disclosures* (start-up/one time burden).	4,600	1	40 hours	184,000
26 CFR 1.530A–3(g)(2)—*Obtaining consent on written governing instruments.*	4,600	27,717	1 minute	2,124,970
26 CFR 1.530A–3(g)(6)—*Periodic determination of eligible investments.*	4,600	3	8 hours	110,400
26 CFR 1.530A–3(g)(4)(ii)—*Sending disclosure notice*	4,600	27,717	1 minute	2,124,970
26 CFR 1.530A–3(g)(4)(iii)—*Sending disclosure notice*	4,600	27,717	1 minute	2,124,970
26 CFR 1.530A–3(g)(5)(ii)—*Sending disclosure notice* [5]	1	27,717	1 minute	462
26 CFR 1.530A–3(g)(7)—*Sending disclosure notice* [5]	1	27,717	1 minute	462

The collections contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act under OMB Control Number 1545–NEW. Commenters are strongly encouraged to submit public comments electronically. Written comments and recommendations for the proposed information collection should be sent to *www.reginfo.gov/public/do/PRAMain,* with copies to the Internal Revenue Service. Find this particular information collection by selecting ''*Currently under Review—Open for Public Comments*'' then by using the search function. Submit electronic submissions for the proposed information collection to the IRS via email at *pra.comments@irs.gov* (indicate CC–00349938–26 on the Subject line). Comments on the collection of information should be received by October 20, 2026.

Comments are specifically requested concerning: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the IRS, including whether the information will have practical utility; (b) the accuracy of the estimated burden associated with the proposed collection of information; (c) how the quality, utility, and clarity of the information to be collected may be enhanced; (d) how the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

[5] Disclosure events for ineligible investments are expected to occur extremely infrequently. In any given year, it's anticipated that less than 1% of trustees will need to issue a particular disclosure. Sending the disclosures is anticipated to be done electronically and be minimal burden on the trustee.

III. Regulatory Flexibility Act

The Secretary hereby certifies that these proposed regulations would not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6). The proposed rules would not impose a significant economic impact on any regulated entities because the regulation's economic impact on entities is generally limited to requiring procedures to be set up by the trustee to ensure compliance with the statute and the regulation, language in the written governing instrument, requiring disclosure of the default eligible investment and how dividends will be invested (or any changes thereto), making periodic (likely annual) determinations that investments are still eligible investments, and rare disclosures if a reinvestment has occurred because of an ineligible investment. Because these requirements are either one-time, rare, or limited to internal determinations, any economic impact is expected not to be significant. Additionally, the proposed regulations affect only trustees of Trump accounts, which generally should not include small entities and therefore should not affect a substantial number of small entities. Therefore, a Regulatory Flexibility Act analysis is not required.

Notwithstanding this certification, the Treasury Department and the IRS invite comments on the impacts these proposed regulations may have on small entities.

IV. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. Executive Order 13132: Federalism

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

VI. Small Business Administration

Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Request for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at *https://www.regulations.gov* or upon request. A public hearing will be scheduled if requested in writing by any person who submits electronic or written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**.

Statement of Availability of IRS Documents

IRS Revenue Rulings, Revenue Procedures, Notices, and other guidance cited in this document are published in the Internal Revenue Bulletin (or Cumulative Bulletin) and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov.*

Drafting Information

The principal author of these proposed regulations is Justin R. Karlin of the Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the Treasury Department and the IRS also participated in its development. For further information about these proposed regulations, contact Mr. Karlin at (202) 317–6842 (not a toll-free number).

Lists of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding an entry for § 1.530A–3 in numerical order to read as follows:

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

* * * * *

Section 1.530A–3 also issued under 26 U.S.C. 530A(b)(3)(A)(iv) and (g)(3).

* * * * *

■ **Par. 2.** Section 1.530A–3 is added to read as follows:

§ 1.530A–3 Trump accounts—Eligible investments.

(a) *Overview.* Under section 530A(b)(1)(C)(iii), for an account to qualify as a Trump account, the written governing instrument creating the account may not permit any part of the account funds to be invested in any asset other than an eligible investment during the period that begins when the initial Trump account is established and ends on December 31 of the calendar year in which the account beneficiary attains age 17 (the growth period). Paragraph (b) of this section provides definitions related to eligible investments. Paragraph (c) of this section provides rules regarding whether an investment fund tracks the returns of an index. Paragraph (d) of this section provides rules regarding whether an investment fund uses leverage. Paragraph (e) of this section provides rules related to qualified indices. Paragraph (f) of this section provides rules for determining whether an investment fund has annual fees and expenses within the 0.1 percent limit. Paragraph (g) of this section provides procedures for a trustee of a Trump account (trustee) to ensure that no part of the account funds will be invested in any asset other than an eligible investment. Paragraph (h) of this section provides the applicability date of this section.

(b) *Definitions.* The following definitions apply for purposes of section 530A and this section:

(1) *Eligible investment.* The term *eligible investment* means any mutual fund or exchange traded fund that tracks the returns of a qualified index, does not use leverage, does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and meets such other criteria as the Secretary of the Treasury or the Secretary's delegate (Secretary) determines appropriate for purposes of section 530A.

(2) *Exchange traded fund* (*ETF*). The term *exchange traded fund* (*ETF*) means a domestic corporation (including a regulated investment company (RIC)) that is registered under the Investment Company Act of 1940, Public Law 76–768, 54 Stat. 789 (the 1940 Act), as amended, and that is either—

(i) An ''exchange-traded fund'' as defined for purposes of the 1940 Act in 17 CFR 270.6c–11(a)(1); or

(ii) An entity that operates in substantially the same manner as an exchange-traded fund but that is not described in 17 CFR 270.6c–11(a)(1), such as a unit investment trust or ETF share class of a mutual fund operating as an ETF under exemptive relief granted by the Securities and Exchange Commission.

(3) *Investment fund.* The term *investment fund* means a mutual fund or an ETF.

(4) *Mutual fund.* The term *mutual fund* means a domestic corporation (including a RIC) that is registered under the 1940 Act as an open-end company (as defined in 15 U.S.C. 80a–5(a)(1)) and that is not an ETF.

(5) *Qualified index.* The term *qualified index* means the Standard and Poor's 500 stock market index, or any other index that is comprised of equity investments in primarily United States companies and for which regulated futures contracts (as defined in section 1256(g)(1)) are traded on a qualified board or exchange (as defined in section 1256(g)(7)). A qualified index does not include any industry or sector-specific index but may include an index based on market capitalization. Paragraph (e) of this section provides rules for determining whether an index is a qualified index.

(6) *Regulated investment company* (*RIC*). The term *regulated investment company* (*RIC*) means a regulated investment company within the meaning of section 851(a).

(c) *Tracking the returns of an index*—(1) *In general.* For purposes of section 530A(b)(3)(A)(i) and this section, an investment fund tracks the returns of an index if the fund's investment objective is to seek to provide investment results that, before fees and expenses, replicate the performance of the index, and the fund holds investments that are reasonably expected to accomplish that objective. For example, a fund may track the returns of an index by holding shares of most or all of the stocks that are constituents of the index in proportion to the stocks' weightings in the index. An investment fund does not fail to track the returns of an index merely because the returns from the fund are affected by fees, expenses, trading costs, variations arising from buying and selling securities when the index changes, and similar variations incidental to operating a fund that seeks to replicate the performance of an index.

(2) *Investment funds that do not track the returns of an index.* Except as provided in paragraph (c)(3) of this section, an investment fund does not track the returns of an index if the fund uses one or more strategies to outperform or otherwise perform differently from the index. Thus, an investment fund that, in some or all market conditions, uses any strategy to decrease or increase the volatility, risk, or current income associated with the index does not track the returns of the index. For example, an investment fund that owns shares of each stock that is a component of an index and sells covered calls on some or all of those shares does not track the returns of the index, because the fund's strategy diminishes the fund's participation in the potential appreciation in the shares and increases the fund's current income.

An investment fund that seeks to provide investment results consistent with the return on several different indices does not track the returns of an index.

(3) *Securities lending.* An investment fund does not fail to track the returns of an index because the investment fund engages in securities lending transactions so long as the investment fund retains full economic exposure to the securities.

(d) *Does not use leverage*—(1) *In general.* For purposes of section 530A(b)(3)(A)(ii) and this section, an investment fund that references an index is considered to use leverage if the fund uses borrowings, derivatives, or other strategies that are economically equivalent to borrowings in a way that materially increases the risk of loss associated with an investment in the investment fund (as compared to an investment in a fund that holds the index components physically and that does not borrow or use derivatives). Thus, an investment fund uses leverage if, as a result of borrowings or derivatives or another economic equivalent, a change in the level of the index the returns of which the fund seeks to replicate tends to cause a materially greater proportional change in the net value of the fund's portfolio. For example, an investment fund is considered to use leverage if the fund provides investment results that correspond to the performance of an index multiplied by a number greater than one (regardless of whether the fund uses borrowings, derivatives, or another economic equivalent to provide such results).

(2) *Permitted borrowings and derivatives.* An investment fund is not considered to use leverage merely because it borrows or uses derivatives as part of its strategy to replicate the performance of an index, so long as the borrowings or derivatives do not materially increase the risk of loss associated with an investment in the investment fund. Thus, an investment fund is not considered to use leverage merely because the fund incurs short-term borrowings to provide liquidity for redemptions or to purchase portfolio securities in connection with investment flows into the fund or because the fund uses derivatives to gain synthetic exposure to certain index components. An investment fund's obligation to return collateral received for securities lending transactions described in paragraph (c)(3) of this section is not treated as leverage so long as the investment fund takes appropriate steps to limit the risk of loss with respect to the collateral. To limit the risk of loss with respect to cash collateral, the investment fund must hold the collateral in cash or in highly liquid, conservative positions (like money market funds). To limit the risk of loss with respect to non-cash collateral, the investment fund must not sell the collateral or otherwise use the collateral (for example, by pledging it as collateral in another transaction) to increase the fund's exposure to the index or other assets.

(e) *Qualified index*—(1) *In general.* This paragraph (e) provides rules to determine whether an index is a qualified index within the meaning of section 530A(b)(3)(B) and paragraph (b)(5) of this section. To be a qualified index, an index must have a publicly available index methodology that describes the criteria for inclusion in the index and the construction of the index. Whether an index meets the requirements in this paragraph (e) is generally determined by reference to the index methodology for the index.

(2) *Industry-specific and sector-specific indices.* For purposes of section 530A(b)(3)(B) and paragraph (b)(5) of this section, an index is industry-specific or sector-specific if inclusion of a stock or interest in the index depends on the business or industry in which the issuing company is engaged. Thus, any index that depends on industry classification codes for inclusion of a company in the index is an industry-specific or sector-specific index. Similarly, an index that includes stocks of companies operating in several related industries or sectors (such as hotels, air travel, and outdoor recreation) is an industry-specific or sector-specific index.

(3) *Other index-related criteria for eligible investments.* Any investment fund that corresponds to the returns of an environmental, social, and governance (ESG) index is not an eligible investment. An ESG index includes any index that has, or is marketed as having, a focus on environmental, social, or governance factors. Any investment fund that is marketed or sold as having an investment objective to track an ESG index is not an eligible investment.

(4) *Market capitalization.* For purposes of section 530A(b)(3)(B) and paragraph (b)(5) of this section, an index is based on market capitalization if a condition for the inclusion of a company's stock (or other ownership interests) in the index is that the company has a market capitalization that is within a specified range or over or under a specified threshold, or that meets specified ranking criteria. Therefore, an index that meets the requirements to be a qualified index in section 530A(b)(3)(B) and this paragraph (e) does not fail to be a qualified index as a result of such a condition for inclusion.

(5) *Equity investments.* For purposes of section 530A(b)(3)(B) and paragraph (b)(5) of this section, an index is considered to be comprised of equity investments if the index is comprised entirely of stocks and similar ownership interests in the form of partnership or membership interests. An index is not comprised of equity investments if it includes debt instruments, derivatives, or any other asset that is not an ownership interest in a company.

(6) *United States companies.* For purposes of section 530A(b)(3)(B) and paragraph (b)(5) of this section, United States companies (U.S. companies) are companies that are domestic under section 7701(a)(4).

(7) *Safe harbor for indices that include interests in foreign companies.* For purposes of section 530A(b)(3)(B) and paragraph (b)(5) of this section, an index is comprised primarily of U.S. companies if U.S. companies represent at least 90 percent of the index based on their weightings in the index.

(f) *Limit on annual fees and expenses*—(1) *In general.* For purposes of section 530A(b)(3)(A)(iii) and this section, an investment fund is not an eligible investment if the sum of its annual fees (as described in paragraph (f)(2) of this section) and annual expenses (as described in paragraph (f)(3) of this section) is more than 0.1 percent of the net value of its assets.

(2) *Annual fees*—(i) *In general.* Except as provided in the following sentence, the amount of an investment fund's annual fees for purposes of section 530A(b)(3)(A)(iii) and this section is the aggregate amount of fees of the investment fund (as described in paragraph (f)(2)(ii) of this section) imposed during the most recent fiscal year (within the meaning of 17 CFR 210.1–02(k)) of the investment fund the financial data from which has appeared in the investment fund's prospectus, expressed as a percentage of the investment fund's average net asset value during that fiscal year (or a reasonable estimate). If an investment fund's most recent prospectus discloses a change in the investment fund's fee structure that increases the investment fund's aggregate annual fees, the computation described in the preceding sentence must take into account the effect of such increase (or a reasonable estimate). If an investment fund has multiple share classes, annual fees are computed separately for each class,

based on the fees that apply to that class and the assets allocable to that class.

(ii) *Fees of an investment fund.* For purposes of section 530A(b)(3)(A)(iii) and this section, an investment fund's fees are all of the amounts that the fund charges its investment fund holders directly, without regard to how such amounts are computed, when they are imposed, or how such amounts are referred to in securities filings or marketing materials. Thus, fees include annual, periodic, transactional, and other recurring amounts charged by an investment fund. Fees also include amounts charged by an investment fund a single time, such as upon a purchase or redemption of interests in the investment fund. Fees include amounts expressed as a fixed dollar amount, as a percentage of the amount invested, or on another basis. An investment fund's fees are disclosed in the fund's prospectus, often under the heading ''Shareholder Fees'' or ''Unitholder Fees'' in a fee table.

(iii) *Fees not associated with an investment fund.* The 0.1 percent limit on fees and expenses in section 530A(b)(3)(A)(iii) is a requirement for an eligible investment and not for a Trump account. Fees charged by a trustee for providing an account are not treated as part of any investment fund's annual fees but as trustee fees. A fee charged by a financial intermediary for a service, such as carrying out a purchase or sale of an investment fund is not considered a part of the investment fund's fees if the fee is not charged on behalf of or at the direction of the investment fund, is not paid (directly or indirectly) to the investment fund, and is not attributable to any cost of offering the investment fund. A fee charged by a trustee for such a service would also not be considered a part of the investment fund's fees under this paragraph.

(3) *Annual expenses.* For purposes of section 530A(b)(3)(A)(iii) and this section, the amount of an investment fund's annual expenses is the amount set forth as the investment fund's total annual operating expenses in its prospectus. The amount may be stated as a percentage of the value of the investment fund holder's investment, or as a percentage of the net value of the fund's net assets. If an investment fund's prospectus lists total operating expenses reduced by fee waivers or expense reimbursements, the reduced amount applies for purposes of section 530A(b)(3)(A)(iii) and this section. If an investment fund has multiple share classes, annual expenses are computed separately for each class, based on the expenses and assets allocable to each class.

(g) *Trustee's procedures regarding eligible investments*—(1) *In general.* To meet the requirement of section 530A(b)(1)(C)(iii), a trustee must ensure that Trump account funds are invested only in one or more eligible investments during the growth period. The trustee satisfies that requirement by following the procedures provided in this paragraph (g).

(2) *Written governing instrument.* The written governing instrument creating a Trump account must include the procedures provided in paragraphs (g)(4), (5), and (7) of this section.

(3) *Consequences of failure.* Except as otherwise provided in this paragraph (g), if any funds of an account are invested in an asset other than an eligible investment (ineligible investment) during the growth period, then the account will cease to be a Trump account (and thus will also cease to be an individual retirement account (IRA) under section 408(a)) as of the first day the account holds the ineligible investment. However, if any funds of an account are invested in an asset that is an eligible investment at the time the asset is acquired but that becomes an ineligible asset during the growth period, then the account will cease to be a Trump account (and an IRA) as of the 30th day after the day that the asset ceased to be an eligible investment (taking into account paragraph (g)(5)(ii) of this section). If this paragraph (g)(3) applies to cause an account to cease to be a Trump account (and an IRA), then the account will be treated as if there were a distribution on that day of an amount equal to the fair market value of all of the assets in the account on that day. The preceding sentence applies even if part of the fair market value of the account as of that day is attributable to excess contributions that may otherwise be returned tax-free under section 530A(d)(5).

(4) *Selection of eligible investment and default eligible investment*—(i) *Selection of eligible investments.* A trustee must limit the investment or investments available for a Trump account during the growth period to investment funds that the trustee has determined are eligible investments.

(ii) *Default eligible investment.* The trustee must establish for each Trump account under the trustee's administration a default eligible investment in which, during the growth period, all contributions, proceeds from sales or other dispositions, and any other amounts for investment (other than amounts addressed by paragraph (g)(4)(iii) of this section) will be invested unless the account beneficiary (as defined in section 530A(b)(4)) (or any person authorized to act on behalf of the account beneficiary under the Trump account's written governing instrument (the responsible party)) specifies a different eligible investment for the contribution or other amount. The default eligible investment for a Trump account can be a single eligible investment or a combination of eligible investments in specified proportions and may be changed by the trustee from time to time. The trustee must clearly disclose to each account beneficiary the default eligible investment in effect upon the establishment of the account and upon any subsequent change to the default eligible investment. The requirement to establish a default eligible investment does not preclude arrangements between the trustee and the account beneficiary that give effect to different instructions on an ongoing basis. For example, the trustee may follow instructions of an account beneficiary (or responsible party) to invest all contributions or other amounts for investment in that account beneficiary's account (or all such amounts for which another instruction is not provided) in a specified eligible investment other than the trustee's default eligible investment.

(iii) *Dividends and other investment fund distributions.* The trustee of a Trump account must disclose to the account beneficiary how amounts received as dividends or other distributions from eligible investments will be invested unless the account beneficiary (or responsible party) gives different instructions regarding the dividends and distributions. For example, amounts received as dividends and distributions might be reinvested in the same eligible investments that paid the dividends or other distributions or invested in the Trump account's default eligible investment. The trustee may give effect to directions from the account beneficiary (or responsible party) that a specific distribution, or distributions generally, be invested in a different way that complies with section 530A(b)(1)(C)(iii).

(5) *Situations in which funds need not be invested in an eligible investment*—(i) *Certain cash holdings.* During the growth period, the trustee may permit an amount received in a Trump account as cash, such as an amount received as a contribution, proceeds of a sale or other disposition, or a distribution, to be held in cash for the time reasonably necessary to complete a transaction permitted under section 530A, including an investment, reinvestment, distribution of excess contribution, qualified rollover contribution, or qualified ABLE rollover contribution.

(ii) *Ceasing to be an eligible investment*—(A) *In general.* In the event an investment fund that was an eligible investment (as determined by the trustee as of the trustee's last determination date described in paragraph (g)(6) of this section) then ceases to be an eligible investment during the growth period, in order for the account to remain a Trump account, the trustee must ensure the prompt sale or disposition of shares in the investment fund and the reinvestment of the proceeds consistent with paragraph (g)(4)(ii) of this section and disclose how the proceeds were reinvested to the account beneficiary. A sale or disposition of shares in the investment fund and the reinvestment of the proceeds will be considered prompt if the sale or disposition and reinvestment of the proceeds occur within 30 calendar days of the investment fund ceasing to be an eligible investment.

(B) *Time when a fund is treated as ceasing to be an eligible investment.* For purposes of this paragraph (g)(5)(ii), the time when the investment fund is treated as ceasing to be an eligible investment is determined based on whether the trustee is in compliance with the monitoring and periodic determination requirements in paragraph (g)(6) of this section.

(*1*) If the trustee is not in compliance with the monitoring and periodic determination requirements of paragraph (g)(6) of this section, the investment fund ceases to be an eligible investment on the first day that the investment fund does not meet the requirements to be an eligible investment;

(*2*) If the trustee is in compliance with the monitoring and periodic determination requirements of paragraph (g)(6) of this section, the investment fund is treated as ceasing to be an eligible investment on the earlier of the date of the next periodic determination conducted by the trustee or the date on which the trustee acquires actual knowledge that the investment is no longer an eligible investment.

(6) *Trustee monitoring of investment funds.* During the growth period, the trustee must monitor each investment fund that the trustee makes available to Trump account beneficiaries. After making an initial determination that an investment fund is an eligible investment at the time the trustee first offers the investment fund to any Trump account for which it is the trustee, the trustee must then make subsequent periodic determinations at least once every 12 months whether the investment fund continues to be an eligible investment. These determinations must include verifying that the annual fees and expenses of the investment fund continue to meet the requirements of section 530A(b)(3)(A)(iii) and paragraph (f) of this section. The trustee may rely on an investment fund's prospectus and other public documents required by Federal securities laws in making determinations pursuant to this paragraph (g)(6).

(7) *Correction of administrative error.* If a trustee has procedures in place in accordance with this paragraph (g) but a portion of the assets of a Trump account are not invested in an eligible investment during the growth period due to an administrative error by the trustee (for example, due to an oversight or mistake in applying the procedures), the account will not cease to be a Trump account under paragraph (g)(3) of this section if the trustee sells or disposes of the assets that are not invested in an eligible investment and reinvests the proceeds in an eligible investment consistent with paragraph (g)(4)(ii) of this section within 30 calendar days from the first day that the portion was not invested in an eligible investment. Furthermore, the trustee must disclose to the account beneficiary the duration of the error, the assets that were held during the error period, and the amount reinvested in an eligible investment at the end of the error period.

(h) *Applicability dates.* This section applies to taxable years beginning on or after January 1, 2026, except for paragraph (g) of this section, which applies for taxable years beginning on or after [DATE OF PUBLICATION OF FINAL RULE].

Frank J. Bisignano,

Chief Executive Officer.

[FR Doc. 2026–17123 Filed 8–20–26; 8:45 am]

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