SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106409; File No. SR-FINRA-2026-021]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Temporarily Pause Assessment of the Trading Activity Fee

September 18, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on September 15, 2026, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "establishing or changing a due, fee or other charge" under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b-4(f)(2) thereunder,[4] which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to temporarily pause assessment of the Trading Activity Fee ("TAF") for three months, for transactions from October 1, 2026 through December 31, 2026.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A)(ii).

4 17 CFR 240.19b-4(f)(2).

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

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

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

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

1. Purpose

As a private not-for-profit self-regulatory organization, FINRA receives no taxpayer funding and instead relies on a mix of fees to generate the revenues it relies upon to fund its regulatory mission. FINRA derives roughly two thirds of its revenues from three core regulatory fees: the Trading Activity Fee (TAF), Gross Income Assessment (GIA), and Personnel Assessment (PA).[5] Each of these fees reflect one of the three critical components that drive FINRA's regulatory costs with respect to a particular member firm: (1) the firm's trading activity,[6] (2) the size of the firm measured by firm revenue, and (3) the number and role of

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5 See FINRA 2026 Annual Budget Summary, https://www.finra.org/sites/default/files/2026-04/2026-finra-annual-budget-summary.pdf ("2026 Budget Summary"). FINRA also derives approximately 25 percent of its revenue from user fees, including registration fees and qualification fees. Id.

6 The TAF is a transaction-based fee that is assessed monthly on firm trading activity in covered securities across all markets. As discussed below, firms may pass through these assessments to their customers. See infra note 27. FINRA initially adopted the TAF in 2002, modeled on the Commission's transaction-based Section 31 fee. Subject to specified exemptions, the TAF is generally assessed on the sale of all exchange-listed

persons registered with the firm. FINRA's fee structure is thus designed to seek recovery of costs in a manner that is allocated equitably among its large and diverse membership, and to collect a generally comparable amount of revenue from fees associated with each of these main components.[7] The Commission has agreed that this longstanding fee structure is reasonable.[8]

As set out in FINRA's public Financial Guiding Principles, FINRA targets break-even cash flows to appropriately fund its mission of protecting investors and promoting market integrity while facilitating vibrant capital markets.[9] FINRA also relies on financial reserves to support its mission.[10] FINRA actively monitors its reserves and takes appropriate action to address potential surpluses (reserve levels above target) or deficits (reserve levels below target).[11] In recent years, FINRA's operating revenues have increased beyond target, driven by a

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securities wherever executed (except debt securities that are not TRACE-Eligible Securities), over-the-counter equity securities, security futures, TRACE-Eligible Securities (provided that the transaction is a Reportable TRACE Transaction), and all municipal securities subject to Municipal Securities Rulemaking Board reporting requirements. See FINRA By-Laws, Schedule A, Section 1(b). The proposed rule change would not change the scope of the TAF.

7 See Securities Exchange Act Release No. 101696 (November 21, 2024), 89 FR 93709, 93710 (November 27, 2024) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2024-019) ("2024 Fee Filing").

8 See, e.g., 2024 Fee Filing, supra note 7 at 93710. ("The Commission has historically agreed that this overall cost-based pricing structure 'is reasonable in that it achieves a generally equitable impact across FINRA's membership and correlates the fees assessed to the regulatory services provided by FINRA.'") (quoting Securities Exchange Act Release No. 61042 (November 20, 2009), 74 FR 62616, 62620 (November 30, 2009) (Order Approving File No. SR-FINRA-2009-057)).

9 FINRA's Financial Guiding Principles, https://www.finra.org/sites/default/files/finra_financial_guiding_principles_0.pdf.

10 FINRA strives to maintain an appropriate level of reserves, which the FINRA Board of Governors has determined to be at least one year of expenditures. Information about FINRA's financial reserves is provided each year in FINRA's published annual financial reports. See FINRA Financial Reports and Policies, https://www.finra.org/about/annual-reports.

11 See 2026 Budget Summary, supra note 5.

combination of higher average daily trading volume (driving increased TAF collection) and higher member firm revenues (driving increased GIA collection), as well as the impact of the 2024 Fee Filing. At the same time, FINRA's expenses have been reduced, including an approximately ten percent budgeted expense reduction for 2026.[12]

The proposed rule change is designed to address surplus TAF revenues for 2026 driven by higher trading volumes.[13] FINRA projected a 2026 TAF budget of $438.6 million, anticipating that trading volumes would continue to be elevated following the then-record highs reached in 2025, albeit at a more moderate pace.[14] However, year-to-date trading volumes for the first and second quarter of 2026 have exceeded 2025 actuals for the same period, resulting in TAF revenues that are projected to exceed the budgeted amount for 2026. In response, the proposed rule change is intended to reduce TAF 2026 revenues that are projected to exceed 2026 expectations because of higher-than-anticipated trading activity, consistent with the approach described in the 2024 Fee Filing and with FINRA's Financial Guiding Principles.

Specifically, FINRA is proposing to temporarily pause TAF revenue collection for transactions from October 1, 2026 through December 31, 2026. For transactions during the three-month period of October, November, and December 2026, the TAF rates set forth in Section 1 of Schedule A to the FINRA By-Laws would temporarily be set at $0.00 and monthly invoices would reflect a $0.00 TAF assessment.[15] During this period, members would, however,

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12 See 2026 Budget Summary, supra note 5.

13 In addition to the temporary TAF fee holiday proposed herein, FINRA has recently filed a proposed rule change to postpone for two years implementation of the remaining fee increases adopted in the 2024 Fee Filing. See SR-FINRA-2026-020.

14 See 2026 Budget Summary, supra note 5.

15 FINRA understands from members that structuring the rule change to establish TAF fee rates of $0.00 simplifies processes for members whose procedures provide for the systemic application of a fee rate across covered securities on a monthly basis.

continue to report their monthly aggregate trading volumes in accordance with Section 1(b)(4) of Schedule A to the FINRA By-Laws.[16] Beginning with January 2027 transactions, the previous TAF fee rates will resume, with normal invoicing commencing in February 2027 (for January transactions).[17]

FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing. The proposed rule change would temporarily pause assessment of the TAF for three months, from October 1, 2026 through December 31, 2026, with TAF assessment resuming on January 1, 2027.[18]

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,[19] which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. FINRA further believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of

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16 Section 1(b)(4) of Schedule A to the FINRA By-Laws requires members to report to FINRA the "aggregate share, bond, contract, and/or round turn volume of sales of covered securities in a manner as prescribed by FINRA from time to time." Continued reporting of this transaction information regarding covered securities will provide FINRA with valuable insight into the fee amounts that otherwise would have been assessed for future financial planning purposes.

17 See SR-FINRA-2026-020.

18 The proposed rule change was filed after FINRA filed SR-FINRA-2026-020, which maintains TAF rates at their current levels through December 31, 2028. Accordingly, the text of the proposed rule change in Exhibit 5, available on FINRA's website at https://www.finra.org, reflects the TAF rates returning to their current levels as of January 1, 2027.

19 15 U.S.C. 78o-3(b)(5).

the Act,[20] which requires, among other things, that FINRA rules are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As stated in the 2024 Fee Filing, FINRA's core regulatory fees as well as select use-based fees are designed to allow FINRA to balance its cash flow sources, operating expenses and capital expenditures, and stabilize its financial reserves in a manner consistent with FINRA's public Financial Guiding Principles.[21] Because the proposed rule change is designed to address a surplus of TAF revenues resulting from increased trading volumes, FINRA believes that the proposed rule change would maintain the equitable allocation of reasonable fees under FINRA's existing, longstanding fee structure and is consistent with FINRA's Financial Guiding Principles. The proposed rule change also would apply on equal terms to all members that otherwise would have been subject to the TAF during the period, and therefore will preserve the same equitable and not unfairly discriminatory fee allocation that has long served as the foundation for FINRA's funding model and has been approved by the Commission.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how to best meet its regulatory objectives.

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20 15 U.S.C 78o-3(b)(6).

21 See 2024 Fee Filing, supra note 7; see also FINRA's Financial Guiding Principles, supra note 9.

Regulatory Need

As discussed above, FINRA has determined to provide a TAF fee holiday for the fourth quarter of 2026 during which the TAF fee rate will be zero. The temporary fee rate is a result of net income that has exceeded projections, due primarily to higher-than-expected trading activity,[22] and informed by FINRA's anticipated reduced expenses for fiscal year 2026.

Economic Baseline

The baseline for the proposed rule change includes FINRA's costs and revenues, the current schedule of fees assessed by FINRA, and the direct and indirect allocation of TAF fees across members, associated persons, third parties, and investors.

FINRA funds its regulatory and other related activities primarily through a combination of regulatory fees and use-based fees. Regulatory fee revenues, such as the TAF, GIA, PA, and Branch Office Assessment, represented about 60% of FINRA's 2025 operating revenues.[23] FINRA estimates that approximately 186 member firms submitted TAF reports during the first six months of 2026.[24] FINRA estimates that the TAF fees that would be waived under the proposed rule change amount to approximately $160 million.

Economic Impact

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22 Equity TAF-eligible average daily volume was 10.5 billion in 2025, a 32% increase from 2024 levels. Equity TAF-eligible average daily volume was 11.4 billion in the first six months of 2026, a 44% increase from 2024 average daily volume.

23 See FINRA 2025 Annual Financial Report, https://www.finra.org/sites/default/files/2026-07/2025-finra-annual-financial-report.pdf.

24 While this estimate reflects the number of member firms that submitted TAF reports, many clearing firms pass through TAF fees to the broader group of executing brokers on whose trades the TAF is assessed. See, e.g., FINRA's Trading Activity Fee Frequently Asked Questions 100.6 and 100.13, available at https://www.finra.org/rules-guidance/guidance/faqs/trading-activity-fee.

FINRA assessed whether seasonal variations in trading might affect the allocation of savings to firms under the proposal. Based on historical TAF fees from January 2023 to June 2026, FINRA found that fourth-quarter TAF activity does not differ meaningfully from other quarters.[25] The proposed rule change is designed to maintain the current distribution of TAF fees allocated across firms by the amount of TAF reported. Based on FINRA's historical TAF fees by firm from January 2023 to June 2026, approximately 98% of TAF fees were reported by the top one-third of firms in terms of reported TAF fees, 1.9% by the middle one-third, and 0.1% by the remaining one-third. To project the fourth quarter 2026 distribution, FINRA applied historical fourth quarter averages. Without the proposed rule change, the top, middle, and bottom thirds of firms are anticipated to account for 98%, 1.9%, and 0.1% of TAF fees collected, respectively. Therefore, the allocation of fee savings across reporting firms is essentially the same as the allocation of fees paid through the first nine months of year. The fee holiday is thus not expected to materially alter the allocation of the TAF fee burden over the full year, as intended by the proposed rule change.

Individual firm savings would depend upon reportable trading that will occur during the fee holiday period, and FINRA recognizes that the level of trading activity may vary substantially across firms based on their business model and customers. FINRA estimates that, based on the number of TAF reporting firms in the baseline, about 1.08% of TAF reporting firms have historically reported zero TAF fees for the fourth quarter of the year with positive TAF fees for the rest of the year.

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[25] The average monthly TAF fees for the fourth quarter of the year are 1.75% less than the average monthly TAF fees over the entire year, which is less than a quarter of the standard deviation below the whole sample average. The coefficient of variation for monthly TAF fees is 7.70%.

FINRA does not believe the proposed TAF fee holiday is likely to have a significant impact on trading behavior, as TAF represents a small portion of the average costs of transactions. FINRA estimates that the current equity TAF fee rate of 0.0195 cents per share represents roughly 5% of total broker-dealer execution costs (assuming that the fees are not passed through to the end user),[26] or about 1% of the transaction costs to the end investor (assuming that the fees are passed through to the end investor).

All core regulatory fees mentioned above are assessed directly to members. FINRA understands that many members shift at least some of the fees to other parties. For instance, it is common practice among clearing firms to "pass-through" the TAF to the underlying firm executing the trade. Further, FINRA understands that executing firms commonly pass the TAF directly on to their customers submitting orders.[27] Typically, TAF pass-through fees are reflected in the confirmation statement received by customers. FINRA understands that there may be differences in this practice across firms depending on each firm's business model. Competitive markets for the provision of brokerage and related financial intermediation services, along with difficulty in allocating certain fees to specific transactions, can limit the extent to which TAF can be passed-through. To the extent that member firms pass TAF fees directly on to counterparties or customers, there would be no material savings to firms from the fee holiday,

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26 The calculation does not consider direct employee costs or overhead. Part of broker-dealer execution costs is exchange/venue costs, which are highly variable and can only be estimated roughly. We also have to make rough estimates of some other costs to broker-dealers as they are priced in dollars per million dollars of transactions, not per share.

27 FINRA conducted a prior study of a sample of members, which included approximately 25 retail investor-focused broker-dealers and approximately 15 institutional investor-focused broker-dealers, to better understand practices of TAF pass through. The research found that the majority of the retail focused firms did pass through the TAF to their customers. FINRA does not know the full extent of this practice across all members. See 2024 Fee Filing, supra note 7, 89 FR 93709, 93727 n.112.

although there may be small costs to adjust systems to reflect the temporary TAF rate of $0.00. Alternatively, the TAF holiday may benefit member firms directly, and whether their customers accrue any of those savings depends on individual firm practices and competitive conditions.

FINRA does not anticipate that the proposed rule change will unduly impact competition among members. The proposed rule change is designed to maintain the relative allocation of fees across its core regulatory fees and select use-based fees. Firms will continue to report their monthly aggregate trading volumes; however, implementation of the proposed rule change may require minimal incremental costs for firms.

Alternatives Considered

No other alternatives were considered for the proposed rule change.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[28] and paragraph (f)(2) of Rule 19b-4 thereunder.[29] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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28 15 U.S.C. 78s(b)(3)(A).

29 17 CFR 240.19b-4(f)(2).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2026-021 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2026-021. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from

publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-FINRA-2026-021 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[30]

Sherry R. Haywood,

Assistant Secretary.

[30] 17 CFR 200.30-3(a)(12).