Tab B, No. 8(b)

Reef Fish Amendment 59A
IFQ Permit Requirements

Biloxi, MS
August 2026

Purpose and Need

Purpose: The purpose of this action is to update the goals and objectives of the red snapper and grouper-tilefish IFQ programs and to revise requirements to participate in the IFQ programs.

Need: The need for action is to promote participation by entities engaged in the harvest of reef fish species included in the IFQ programs and improve opportunities for new participants to enter the IFQ programs through considering requirements for obtaining an IFQ account and holding and obtaining shares and allocation.

Action 1: Requirements to Open and Maintain Shareholder accounts

Alternative 1: No Action. Do not establish new requirements to obtain or maintain an IFQ shareholder account. To open and maintain an IFQ shareholder account, the applicant must be a United States citizen, a corporation, partnership, or other entity established under the laws of the United States or any State, or a permanent resident alien.

Alternative 2: In addition to the US citizenship or permanent residency requirement, all applicants are required to possess a valid or renewable commercial reef fish permit to **obtain** an IFQ shareholder account (first 5 years of IFQ programs)

<u>Preferred Alternative 3</u>: In addition to the US citizenship or permanent residency requirement, all applicants are required to possess a valid or renewable commercial reef fish permit to **obtain and maintain** an IFQ shareholder account

Action 2: Requirements to Obtain and Maintain IFQ Shares

Alternative 1: No Action. Do not set requirements to obtain or maintain IFQ shares. Any United States citizen, corporation, partnership, or other entity established under the laws of the United States or any State, or permanent resident alien can obtain or maintain IFQ shares

Alternative 2: Only those who meet the US citizenship or permanent residency requirement and with a valid or renewable commercial reef fish permit can **obtain** IFQ shares

Preferred Alternative 3: Only those who meet the US citizenship or permanent residency requirement and with a valid or renewable commercial reef fish permit can **obtain** or **maintain** IFQ shares

Action 3: Requirements to Obtain Annual Allocation

Alternative 1: No Action. Do not set requirements to obtain or maintain IFQ annual allocation. Any United States citizen, corporation, partnership, or other entity established under the laws of the United States or any State, or permanent resident alien can obtain or maintain IFQ annual allocation.

<u>Preferred Alternative 2:</u> Only those who meet the US citizenship or permanent residency requirement and with a valid or renewable commercial reef fish permit can **obtain** IFQ annual allocation.

Action 4: Divestment Measures for Non-Compliant Entities

Alternative 1: No Action. Shareholder accounts must be compliant with the requirements set in Actions 1, 2, and 3 by the effective date of a final rule implementing these requirements, or their shares will be reclaimed by NMFS.

Preferred Alternative 2: NMFS will reclaim shares from shareholder accounts that are not compliant with requirements set in Actions 1, 2, and 3:

> **Preferred Option 2a: 1 year** following the effective date of the final rule implementing these requirements
> **Option 2b**: **2 years**

Preferred Alternative 3: After implementation of this amendment, if a shareholder account is no longer in compliance with the requirements set in Actions 1, 2, and 3, the owner(s) of the shareholder account must divest of their shares, or the shares will be reclaimed by NMFS:

> **Preferred Option 3a**: **1 year** following the non-compliant status.
> **Option 3b**: **2 years** following the non-compliant status.

Action 5.1: Exemptions from Permit Requirements

Alternative 1: No Action. Do not provide exemptions from permit requirements in Actions 1, 2, & 3.

Alternative 2: Provide exemptions from permit requirements in Actions 1, 2, and 3 to eligible non-profit organizations that submit a completed and signed exemption form to NMFS. To be eligible for an exemption, an organization must also submit to NMFS:

- An IRS-sanctioned proof of their non-profit status
- A copy of the organization's by-laws
- A list of its board directors, officers, and members
- Methods for managing shares and allocation for fishery participants it seeks to serve
- Procedures that will be used to solicit requests from members of the organization to use annual IFQ allocation held by the non-profit and that sets out the
- Criteria and procedures to select IFQ allocation recipients.

Only those non-profit organizations approved by NMFS will be eligible for an exemption.

Action 5.2: Maintenance of Exemptions from Permit Requirements

Alternative 1: No Action. Do not create requirements to maintain an exemption from permit requirements.

Alternative 2: To maintain an exemption from the permit requirements in Actions 1, 2, and 3, an organization must provide a report which includes:

- Any change to the required submission material
- A list of participants to whom allocation was distributed, pounds received per recipient, and prices per pound of allocation received
- Methods used by the organization to determine allocation prices

The exemption status will be reviewed every:

Option a: year
Option b: two years

Action 5 - Discussion

Board participation and Organization membership in the fishery

- Permit Ownership status
- Shareholder account status
- Location (Gulf)

Minimum and Maximum Amounts of Shares held by the Organization

Allocation recipients

- Minimum number of participants
- Permit Ownership
- Location
- Shareholder account status

Allocation Distribution

- Percentage of the allocation held by the organization distributed
- Minimum amount distributed per participant

continued

Action 5 - Discussion

Fairness

- No exemptions to other entities that supply allocation to IFQ participants (e.g., dealers, brokers)

Loopholes

- Could incentivize other entities to pursue non-profit status for the sake of receiving an exemption

Current Applicability

- Currently only one relevant non-profit operating in the Gulf

Assessment

- Need metrics to determine the social, economic, and biological benefits provided by non-profit quota banks
- Administrative burden of granting and renewing exemptions

QUESTIONS

GULF
COUNCIL

Goals and Objectives

GULF
COUNCIL

Goals and Objectives

Goal 1: Improve opportunities for participants to enter the program

Objectives:

- To evaluate the merits of limiting share ownership and implement, if appropriate, alternative mechanisms for equitably redistributing shares and allocation to accounts harvesting IFQ species.
- Limit share ownership (maintaining and obtaining shares) to accounts that are harvesting IFQ species
- Identify barriers inhibiting or limiting participation by surveying participants and those wanting to enter the fishery
- Recover and redistribute IFQ shares and allocation held previously by a deceased shareholder to accounts of fishermen currently harvesting IFQ species.
- Create an allocation bank to reduce barriers to fishing privileges

Goals and Objectives (2)

Goal 2: Reduce IFQ discards

<u>Objectives</u>:

- Improve collection of discard information from IFQ vessels
- Create an allocation bank to further reduce bycatch and discards of IFQ species
- Evaluate additional or new flexibility measures to reduce discards

Goal 3: Maintain flexible fishing options and economic stability within the IFQ Programs

Goal 4: Increase IFQ market transparency (eliminates information asymmetries)

Goal 5: Reduce costs per unit harvest