

block for a species in an area if a person holds any unblocked QS for that species-area combination. Allowing CQEs to hold more blocks than existing QS holders on behalf of their constituent communities would expand the potential QS market available to these communities. The Council recommended this provision because in most areas of the GOA large portions of the QS are available only in blocked

shares. Limiting communities to existing unblocked QS would effectively limit the QS available to communities to a small portion of the total QS that is typically higher priced than the more available blocked QS. The proposed limits would provide additional opportunities for eligible communities represented by CQEs to purchase QS beyond those that constrain current QS holders. In recommending this

modification to the existing regulations, the Council balanced the objectives of this new program with concerns about protecting the interests of individual new entrants to the fishery.

To accommodate the interests of prospective new entrants, the Council recommended prohibiting CQEs from purchasing:

Halibut QS blocks less than or equal to 19,992 units. (e.g., 2,850 lb (1,292.8 kg) of IFQ in 2003)	in Area 2C.
Halibut QS blocks 27,912 units. (e.g., 3,416 lb (1,549.5 kg) of IFQ in 2003).	in Area 3A.
Sablefish QS blocks less than or equal to 33,270 units. (e.g., 4,003 lb (1,815.8 kg) of IFQ in 2003)	in the Southeast Outside District.
Sablefish QS blocks less than or equal to 43,390 units. (e.g., 3,638 lb (1,650.2 kg) of IFQ in 2003)	in the West Yakutat District.
Sablefish QS blocks less than or equal to 46,055 units. (e.g., 4,684 lb (2,124.7 kg) of IFQ in 2003)	in the Central GOA regulatory area.
Sablefish QS blocks less than or equal to 48,410 units. (e.g., 6,090 lb (2,762.4 kg) of IFQ in 2003)	in the Western GOA regulatory area.

These QS limits are specified in 50 CFR 679.41(e) as the "sweep up" limit, or the number of QS units initially issued as blocks that could be combined to form a single block.

The Council recommended that communities not be eligible to purchase or hold these smaller "sweep-up" blocks because these smaller QS blocks typically are purchased by individuals entering the IFQ fisheries. The Council recommended this measure to minimize potentially unfair competition in the QS market between CQEs and individuals for these small QS blocks. The Council did not recommend similar restrictions on QS in the halibut fishery for Area 3B because fewer "sweep-up" blocks exist in Area 3B and few new entrants in Area 3B have sought these "sweep-up" blocks.

(b) Transfer and IFQ Leasing

CQEs could only receive and use halibut QS assigned to vessel category B (greater than 60 feet length overall) and vessel category C (greater than 35 feet and less than or equal to 60 feet length overall) in Areas 2C and 3A.

This provision would prohibit CQEs from holding QS assigned to vessel category D (less than or equal to 35 feet (10.7 m) length overall) in Areas 2C and 3A. Category D QS typically is purchased by individuals seeking entry to the halibut IFQ fisheries. The Council recommended this provision to reduce potential competition in the halibut QS market between individuals and CQEs.

The Council did not recommend prohibiting CQEs from holding D category halibut QS in Area 3B. A relatively small amount of D category

QS exists in Area 3B, and traditionally few prospective buyers exist for this category of QS. Existing D category QS holders in Area 3B indicated that allowing CQEs to purchase D category QS in Area 3B would increase the marketability of their QS.

The Council did not recommend catcher vessel category restrictions for CQEs holding sablefish QS. Only B and C vessel categories exist for sablefish QS and sablefish are typically harvested from larger vessels.

So that the annual IFQ derived from the QS held on behalf of a community could be fished, a CQE would lease (i.e., transfer the annual IFQ) to one or more residents of the community, or communities, it represents. Each IFQ lease would be made on annual basis, as is currently the requirement in existing regulations. IFQ so transferred could be fished from a vessel of any size regardless of the QS vessel category from which the IFQ was derived. This provision would apply only while the QS is held by the CQE. The vessel category requirements for use of the QS would apply once again after the QS is transferred from a CQE to a qualified recipient that was not a CQE.

The Council recommended this provision to facilitate the use of the IFQ on the wide range of vessel types that is present in many rural communities. Limiting CQEs to purchase only certain vessel category QS could increase demand and price competition among CQEs and other QS holders, particularly for category C QS because many vessels in the eligible communities tend to be within this size range. Broadening the

use of IFQ from community-held QS could reduce this potential competition.

The amount of IFQ that may be leased annually to an eligible community resident would be limited so that no such lessee could hold IFQ permits authorizing the harvest of more than 50,000 lb (22.7 mt) of halibut and 50,000 lb (22.7 mt) of sablefish IFQ, inclusive of any IFQ derived from any source.

This limitation is intended to ensure a broad distribution of IFQ among community residents and to limit the amount of IFQ that may be leased to those residents who already hold QS or lease IFQ from another source. The Council noted that one of the principal goals of this program was to provide access to halibut and sablefish resources to community residents that do not currently have access to these resources.

Similarly, during any fishing year, no vessel participating in the community QS program could be used to harvest an amount of IFQ greater than 50,000 lb (22.7 mt) of halibut and 50,000 lb (22.7 mt) of sablefish, inclusive of all IFQ fished aboard that vessel. Currently, vessels are limited to 1 percent of the Area 2C IFQ TAC for halibut (e.g., 85,000 net pounds (38 mt) in 2003), or, outside of Area 2C, 0.5 percent of the entire IFQ TAC (e.g., 295,050 net pounds (134 mt) in 2003), and 1 percent of the Southeast IFQ TAC for sablefish (e.g. 78,484 round pounds (36 mt) in 2003), or, outside of Southeast, 1 percent of the entire sablefish TAC (e.g. 348,635 round pounds (158 mt) in 2003).

This limitation on the amount of IFQ that could be fished on any one vessel using community-held QS is intended