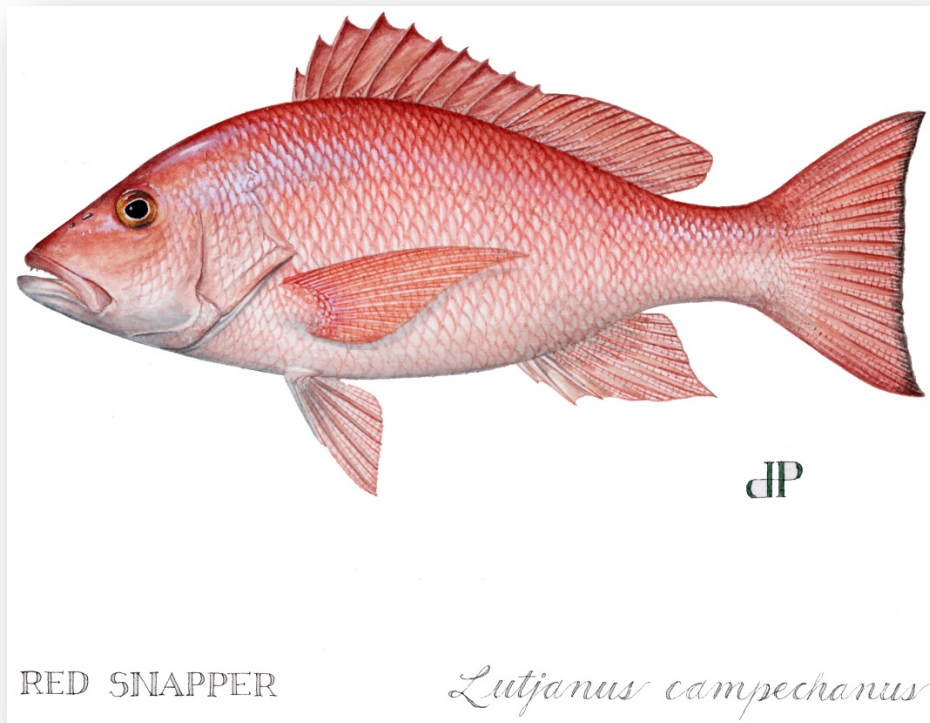


2015 Gulf of Mexico Red Snapper Individual Fishing Quota Annual Report



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Executive Summary

The 2015 Red Snapper Individual Fishing Quota (RS-IFQ) Program Annual Report builds upon the information summarized in the past annual reports and is intended to provide an overview of data and information collected since the start of the RS-IFQ program. This report is not intended to be a full comprehensive assessment of the program.

The number of participants in the RS-IFQ program, shareholders, allocation holders, dealers, and vessels, all increased in 2015. This was the first year where the number of shareholders increased, although the proportion of small, medium, and large shareholders remained similar to previous years. The medium size accounts (individually holding between 0.05 and <1.5% shares) held 50% of all shares, large accounts (individually holding 1.5% or greater shares) held 47% of all shares, and the remaining 3% of shares held in small shareholder accounts (individually holding < 0.05% shares). The proportion of shareholders without Gulf of Mexico commercial reef fish permits and the amount of shares held within these accounts continued to increase in 2015, and these accounts now account for 35% of all accounts and hold 30% of all shares. The proportion of allocation accounts that also held shares continued to decrease in 2015 with only 63% of allocation holders also holding shares. The number of dealers increased to 105 dealers in 2015, with the majority of them landing only a small proportion of the quota. The number of vessels continued to be predominately (82%) landing red snapper in Florida.

The quota increased in 2015 to 6.57 million pounds and 98.5% of the quota was harvested. Similar to previous years, the majority of the landings occurred in Florida (40%) or Texas (38%). Effort for red snapper increased in 2015, with more trips taken and more days away at sea. The average pounds (lb) of red snapper per trip increase slightly to 1,452 lb/trip, although the majority (59%) of the vessels landed on average ≤ 500 lb/trip.

Activity within the RS-IFQ program increased in 2015, with an increased number and volume of share and allocation transfers. In fact, in 2015 both share and allocation transfers and volume were the greatest to date. Fifteen percent of the shares were transferred through 120 share transfers, and there were over 3,000 allocation transfers that transferred 141% of the quota. The trend of increasing proportion of landings from accounts without shares continued in 2015, with 45% of all landings from accounts without shares. The proportion of accounts with allocation that were inactive (12%) remained similar to the previous years, as did the proportion of accounts landing red snapper (60%) and those that only transferred allocation (28%). Within accounts only transferring allocation, the majority of accounts and pounds transferred belonged to accounts that held shares. The average share and allocation prices remained similar to the previous year with shares averaging \$33/equivalent pound and allocation at \$3/lb. Reporting of representative prices still remains a problem for both share and allocation transfers with only 51% of shares and 46% of allocation transfers reporting representative prices. Ex-vessel prices were also similar to the previous year with an average of \$4.85/lb, although these values are still greater than ex-vessel prices prior to the start of the RS-IFQ program. The total ex-vessel value for 2015 was \$29 million, an increase from previous years that was primarily due to the increased quota as the ex-vessel prices were similar to 2014.

The National Marine Fisheries Service (NMFS) is committed to the continual improvement of RS-IFQ management. Stakeholders have provided feedback and suggestions on how to improve the RS-IFQ program and online system. This information has been helpful for improving the program since it began. NMFS thanks everyone for their input and encourages them to continue to share their concerns and ideas.

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ABBREVIATIONS

Abbreviation	Description
ABC	Acceptable biological catch
ALS	Accumulated landings system
BFT	Bluefin Tuna Individual Bycatch Quota program
FOIA	Freedom of information act
FMP	Fishery management plan
GDP	Gross domestic product
GSAD	Gulf and South Atlantic Dealer permit
GT-IFQ	Grouper-Tilefish Individual Fishing Quota
Gulf Council	Gulf of Mexico Fishery Management Council
Gulf	Gulf of Mexico
gw	Gutted weight
HBC	Headboat Collaborative pilot program
HMS	Highly migratory species
IFQ	Individual Fishing Quota
JEA	Joint enforcement agreement
lb	Pounds
LL	Longline gear
Magnuson-Stevens Act	Magnuson-Stevens Fishery Conservation and Management Act
mp	Million pounds
NMFS	National Marine Fisheries Service
OLE	Office of Law Enforcement
RA	Regional Administrator
Reef Fish FMP	Reef Fish Fishery Management Plan
Reef fish permit	Gulf of Mexico commercial reef fish harvesting permit
RFOB	Reef fish observer program
RS-IFQ	Red snapper Individual Fishing Quota
SEDAR	Southeast Data, Assessment, and Review
SEFSC	Southeast Fisheries Science Center, NMFS
SERO	Southeast Regional Office, NMFS
TL	Total length
USCG	United States Coast Guard
VL	Vertical line gear
VMS	Vessel Monitoring system

Program Overview and Regulations

Program Overview

The Red Snapper Individual Fishing Quota (RS-IFQ) program is a single-species, single-share category program where participants use an online account for all transactions (share and allocation transfers, landings, and cost recovery fees). For the first five years of the program (2007-2011), anyone who possessed a valid Gulf of Mexico (Gulf) reef fish dealer permit or Gulf commercial reef fish permit (reef fish permit) was eligible to participate in the program. Beginning January 1, 2012, all U.S. citizens and permanent resident aliens were eligible to obtain a RS-IFQ shareholder account to purchase shares and allocation. Only accounts with allocation and a valid Gulf commercial reef fish vessel permit can legally harvest red snapper. Appendices 1 and 2 contain a history of red snapper management and implementation of the RS-IFQ program.

There are three main account types in the RS-IFQ system: shareholder, vessel, and dealer accounts. Each account is composed of a unique set of entities (single or combination of individuals and/or business) and no two accounts are composed of the same set of entities. Shareholder accounts may hold shares and allocation or just hold allocation. Shares are a percentage of the red snapper commercial quota, while allocation refers to the actual poundage that is possessed, landed, or sold during a given calendar year. A list of all shareholder accounts and the amount of shares held by each account is available through the National Marine Fisheries Service (NMFS) Southeast Regional Office (SERO) website at:

http://sero.nmfs.noaa.gov/operations_management_information_services/constituency_services_branch/freedom_of_information_act/common_foia/IFQShareholders.htm.

Vessel accounts belong to shareholder accounts and may hold allocation. There may be multiple vessel accounts associated with one shareholder account. Sufficient allocation must be in the vessel account prior to the landing transaction. Upon completion of a landing transaction, the system deducts the allocation from the vessel account. Dealer accounts are associated with federal dealer permit holders. Prior to August 7, 2014, the federal dealer permit was the Gulf reef fish dealer permit, afterwards the federal permit became the Gulf and South Atlantic Dealer (GSAD) permit. Dealers are limited to completing landing transactions and paying the allocation holder's cost recovery fees. All RS-IFQ dealers are required to have a Gulf Individual Fishing Quota (IFQ) endorsement, which can be printed through their IFQ account. A printed copy of the IFQ dealer endorsement must accompany vehicles used to transport IFQ species on land. Endorsements are valid when a dealer's permit is active and they do not have any outstanding cost recovery fees. The RS-IFQ program and the Grouper-Tilefish Individual Fishing Quota (GT-IFQ) program are contained within the same system and are jointly referred to as the Gulf reef fish IFQ programs.

The RS-IFQ program records allocation and landings in pounds of gutted weight (gw); therefore, throughout this report, allocation is in pounds (lb) gutted weight. Gutted pounds of red snapper can be converted to whole pounds by multiplying by 1.11. At the beginning of each year, allocation is distributed based on the annual quota and the share percentage held by a RS-IFQ shareholder account.

Allocation can then be used to harvest red snapper or can be transferred to another shareholder's account. Adjustments (increases or decreases) in the red snapper commercial quota occur as a result of new information (e.g., stock assessment, calibration, reallocation between fishing sectors). Quota increases are distributed proportionately among shareholder accounts based on the percentage of shares held in each account at the time of the adjustment. If a RS-IFQ shareholder's reef fish permit has been permanently revoked, at the beginning of the next fishing year, the Regional Administrator (RA) for NMFS will redistribute the shares held by that shareholder proportionately among remaining eligible shareholders, based upon the amount of shares each held just prior to the redistribution.

The RS-IFQ program has a built-in flexibility measure to allow a once-per-year allocation overage for any RS-IFQ shareholder account that holds shares. For shareholder accounts with shares, a vessel can land once during the year 10% more than their remaining allocation on the vessel. NMFS deducts this overage from the shareholder's allocation in the following fishing year. Because overages need to be deducted in the following year, RS-IFQ accounts without shares cannot land an excess of their remaining allocation and RS-IFQ accounts with shares are prohibited from selling shares that would reduce the account's shares to less than the amount needed to repay the overage in the following year.

Program Objectives

The primary objectives of the program, as defined in Amendment 26 to Fishery Management Plan for the Reef Fish Resources of the Gulf of Mexico (Reef Fish FMP), are to reduce overcapacity and mitigate derby fishing conditions. Anticipated benefits of the program include: increased market stability; elimination of fishing season closures; increased flexibility for fishing operations; cost-effective and enforceable management of the red snapper commercial sector; improved safety at sea; and balancing social, economic, and biological benefits from the red snapper commercial sector. Additionally, the program is intended to provide direct and indirect biological benefits to red snapper and other marine resources by eliminating quota overages and reducing bycatch and discard mortality. The social, economic, and biological benefits collectively are intended to assist NMFS and the Gulf of Mexico Fishery Management Council (Gulf Council) in preventing overfishing and rebuilding the Gulf red snapper population through the stewardship aspects of the RS-IFQ program.

Program Regulations

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires fishery managers to ensure that no individual, business, or other entity acquires an excessive share of the quota. The RS-IFQ program is monitored to prevent an individual entity from obtaining shares in excess of the established share cap of 6.0203%. The share cap was based on the maximum RS-IFQ share issued to a person, business, or other entity at the time of initial apportionment. There is no allocation or usage cap for red snapper. As of January 1, 2012, any RS-IFQ account may transfer (increase or decrease holdings) red snapper shares and allocation, regardless of reef fish permit status. There are no program fees associated with share or allocation transfers.

Vessels harvesting red snapper are required to have a reef fish permit and to hail out prior to leaving port. While at-sea, vessels are monitored using vessel monitoring systems (VMS). When returning to port, vessels landing red snapper must provide a landing notification indicating the time and location of landing, the intended dealer, and the estimated pounds landed. At the time of landing, sufficient RS-IFQ allocation at least equal to the pounds landed must be in the vessel account or the linked IFQ shareholder account. Landing may occur at any time, but fish may not be offloaded between 6 p.m. and 6 a.m. A landing transaction report is completed by the IFQ dealer and validated by the allocation holder. The landing transaction includes the date, time, and location of transaction; weight (lb gw) and actual ex-vessel value of fish landed and sold; and the identities of the shareholder account, vessel, and dealer. For a summary of in-season reported red snapper landings, go to:

<https://portal.southeast.fisheries.noaa.gov/cs>. All landings data are updated in real-time as landing transactions are processed. Archived landings are accessible through the Additional Information view and listed under the document Commercial Quotas/Catch Allowances (all years).

NMFS monitors the economic performance of the fleet by collecting share, allocation, and ex-vessel prices. Both the transferor and transferee submit total share prices, while just the transferor submits the allocation price per pound. Ex-vessel prices are the prices paid by a dealer per pound of fish before any deductions are made for transferred (leased) allocation and goods and/or services (bait, ice, fuel, repairs, machinery replacement, etc.). The Magnuson-Stevens Act, in section 304(d)(2)(A)(i), requires a fee to recover the actual costs required to directly administer, manage, and enforce the RS-IFQ program. This fee may not exceed 3% of the actual ex-vessel value. The current cost recovery fee is set at 3%. The RA may review and adjust this fee annually. The IFQ allocation holder specified in the landing transaction is responsible for the payment of the cost recovery fees, while the dealer who receives the fish is responsible for collecting the cost recovery fee and submitting the fee to NMFS on a quarterly basis.

Complete regulations governing the RS-IFQ program can be found at 50 CFR § 622.16 (www.ecfr.gov) and the program can be accessed through SERO website: <https://portal.southeast.fisheries.noaa.gov/cs>. Important information regarding the RS-IFQ program is available for download on the website under Additional Information. The red snapper IFQ program and red snapper management histories are available in Appendices 1 and 2.

Program Updates

The IFQ website and database systems were modified in 2014 and 2015 to include the Gulf Headboat Collaborative (HBC) pilot program and the Highly Migratory Species (HMS) Bluefin Tuna Individual Bycatch Quota (BFT) program. With the additions of these programs, the homepage was retitled to “SERO Catch Shares Programs” and additional information was added for each program. Each program contains a separate tab on the Public home page with information specific to that program and the Log In dialogue box was changed to reflect the additional roles for each program. The public “View Landing Locations” page was changed to include both IFQ and HBC landing locations, with a drop down box to select by program. The Additional Information page was changed to allow for selection of documents by program: IFQ, HBC, or BFT.

The SERO maintains a list of frequently asked Freedom of Information Act (FOIA) requests regarding permits, vessels, and the IFQ participants:

http://sero.nmfs.noaa.gov/operations_management_information_services/constituency_services_branch/freedom_of_information_act/common_foia/index.html

Gulf of Mexico IFQ accounts are listed here under the “IFQ Gulf Reef Fish Accounts” link. In 2015, this Webpage was updated to include all IFQ shareholder accounts and their percentage of shares held by each account. Previously, this page had just indicated shareholders with an X to indicate which share categories for that account held shares. This page can now be sorted by the any of the column headings and also has an X to indicate accounts that are in initial status (never been accessed).

2015 Red Snapper IFQ Fishing Season

Program Participants

Shareholders

Shareholders accounts that hold shares are termed shareholders. Accounts without shares may still participate in the program by obtaining allocation from another IFQ shareholder account. Shareholder accounts that hold allocation are termed allocation holders. Allocation holders may or may not also hold shares. Each year, some shareholder accounts without shares obtain shares, while other shareholder accounts with shares divest the account of shares. A shareholder may divest their account of shares (i.e., transfer all shares) for a variety of reasons: to exit the IFQ program, to transfer to a new IFQ account after a permit change¹, or to manage related IFQ accounts from one account².

The total number of shareholders increased from 376 accounts in 2014 to 386 accounts in 2015 (Table 1). This is the first time since the start of the program where the number of shareholders increased. Despite this increase, the number of shareholders is still less than the number of shareholders at the start of the program. This increase may be due to new entrants into the fishery or due to life events. For example, the death or divorce of an IFQ participant may result in the shares from one account being transferred to one or more new accounts.

Shareholders are categorized by share volume: small shareholders hold < 0.05% shares, medium shareholders hold between 0.05-1.4999% shares, while large shareholders hold \geq 1.5% shares. From the beginning of the program, the medium and large shareholders held the majority of shares, while the small and medium shareholders accounted for the greatest number of accounts (Table 1). Since the start of the program, attrition primarily occurred among small shareholders (Table 1). For example at the

¹ IFQ accounts are established based on the name(s) of the Gulf commercial reef fish permit holder. If the name(s) of the permit holder change (e.g., adding/removing a spouse), a new IFQ account must be established to link to the permit.

² Some IFQ participants are associated with more than one IFQ account (e.g., John Smith vs. John and Jane Smith, incorporating each vessel under a different company name), and therefore may shift all their shareholding to one account for ease of management.

start of the program small shareholders comprised of 75% of all shareholders, while in 2015 they comprise 62% (Table 1). In recent years (2012+), the number of medium shareholders has slowly increased and as of 2015 there are more medium shareholders than at the start of the program (Table 1). In 2015, the number of accounts holding small, medium, and large shares did not change considerably from the previous year. Likewise, the amount of shares held by the small, medium, and large shareholders did not change considerably from the previous year. The shares increased marginally for small and medium shareholders (+0.12% and +0.59%, respectively) and decreased for large shareholders (-0.70%) (Table 1).

Table 1: Shareholders by share volume

Year	Small (<0.05%)		Medium (0.05-1.4999%)		Large (≥ 1.5%)		Total Accts
	Accounts	Share %	Accounts	Share %	Accounts	Share %	
Initial	415	4.55	125	58.52	14	36.94	554
2007	368	4.09	112	49.74	17	46.18	497
2008	346	3.80	111	48.72	17	47.49	474
2009	313	3.34	108	48.02	18	48.66	439
2010	297	3.10	109	47.04	19	49.87	425
2011	284	2.97	116	48.58	18	48.46	418
2012	273	2.91	117	49.94	17	47.16	407
2013	261	2.69	120	48.01	18	49.30	399
2014	236	2.55	125	49.71	17	47.74	378
2015	238	2.67	131	50.30	17	47.04	386

Note: All values were based on the last day of the year, except Initial, which was the program's start date (1/1/2007).

Even as consolidation of shares occurred, accounts obtained shares for the first time. New shareholders are any account that did not hold shares in the previous year that now holds shares. New shareholders occur in the program for a variety of reasons: entering the program, transferring to a related account due to a permit name change, or managing related accounts from one account.^{1,2} There were 31 new shareholders in 2015, the largest number of new shareholders since the start of the program (Table 2). The majority of new shareholders became small or medium shareholders, while there was one large shareholder (Table 2). These new shareholders collectively obtained 8.32% of the red snapper shares (Table 2). The increase in new shareholders in 2015 may have been influenced by actions the Council is considering taking in Amendment 36 to the Reef Fish FMP with respect to the RS-IFQ program, such as the redistribution of shares from inactivated accounts. Additionally, as mentioned above, life events (e.g., divorce, death) may also favor the

Table 2: New shareholders by share volume

Year	Small	Medium	Large	Total Accts.	Total Shares
2007	8	2	0	10	0.57
2008	7	3	0	10	0.78
2009	5	1	0	6	0.42
2010	19	8	1	28	4.41
2011	14	8	0	22	1.51
2012	15	11	1	27	5.86
2013	12	7	0	19	1.35
2014	6	6	0	12	1.92
2015	12	18	1	31	8.32

New shareholders are account that did not hold shares at the start of the year, but obtained share within the year.

creation of new accounts or changes in business practices (e.g., creating a business to hold the RS-IFQ assets). The other years that had a larger number of new shareholders occurred in 2010, 2011, and 2012. The GT-IFQ program most likely influenced the increase in new shareholders. Many fishermen participate in both the RS-IFQ and GT-IFQ programs, as both programs require the same fishing permits and use the same on-line system to manage the programs.

Prior to 2012, a valid reef fish permit was initially required to open a RS-IFQ account, but the account could continue to hold shares and allocation without maintaining a reef fish permit. Accounts without a reef fish permits could neither acquire more shares or allocation nor harvest red snapper, but could transfer those shares or allocation to another shareholder account. Starting in 2012, any U.S. citizen or permanent resident alien could open an account without an associated reef fish permit and accounts without a reef fish permits acquire shares and allocation. Accounts that are not associated with a reef fish permit are termed public participant accounts, and may include

Table 3: Shareholders by permit status

Year	No Permit		Permit	
	Account	Share	Account	Share
2007	76	14.29	421	85.71
2008	120	12.75	354	87.25
2009	120	13.83	319	86.17
2010	121	15.24	304	84.77
2011	120	18.14	298	81.87
2012	119	21.07	288	78.94
2013	126	24.36	273	75.65
2014	120	27.96	258	72.05
2015	134	30.30	252	69.71

accounts that are related to other shareholder accounts or dealer accounts, accounts held by non-profit organizations, or accounts held by any U.S. citizen or permanent resident alien. Even in the first year of the program, a small percentage (15%) of shareholders no longer held a reef fish permit (Table 3). The number of shareholders without reef fish permits increased considerably by 2008, but thereafter remained similar through 2014 (Table 3, Figure 1). In 2015, the number of shareholders without a reef fish permit increased to 134. The amount of shares held by shareholders without a reef fish permit began increasing since 2008 (Table 3, Figure 1). In 2015, the volume of shares increased slightly from the previous year to 30.30% of the shares. This information should be interpreted with a degree of caution as many related accounts hold the shares in a separate account from the account linked to the permit and vessel.

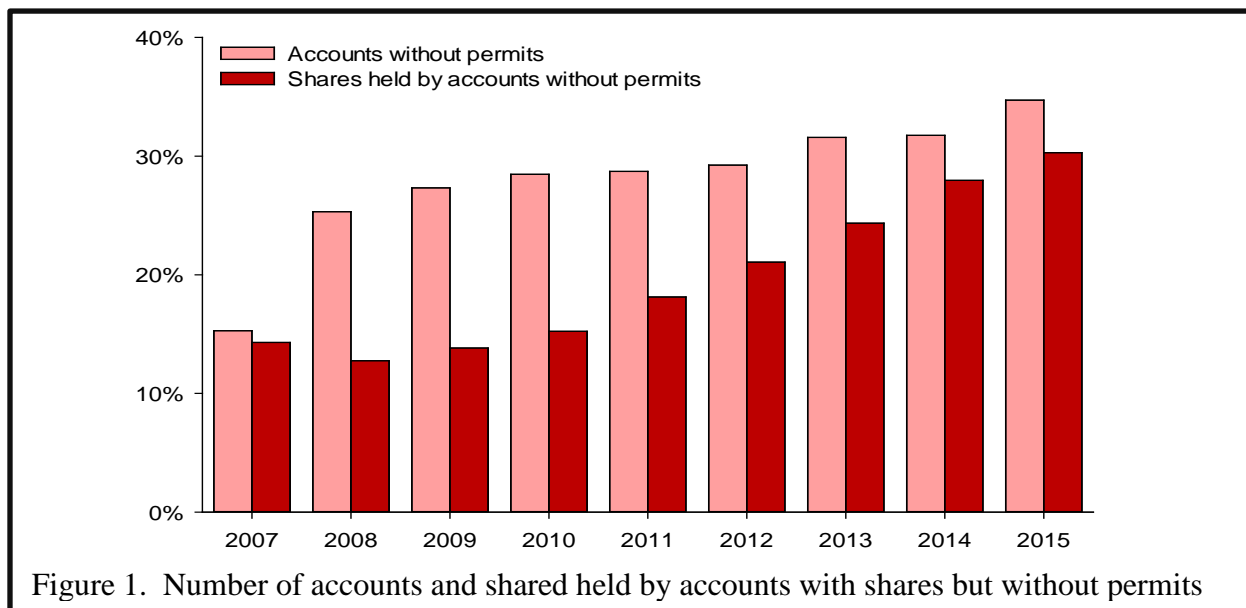


Figure 1. Number of accounts and shared held by accounts with shares but without permits

Allocation Holders

In the RS-IFQ program, accounts may obtain allocation through shares (distributed at the beginning of the year or from any in-season quota increase) or from the transfer of allocation from another account holder. The number of accounts holding allocation does not necessarily equal the number of accounts that land allocation, as not all accounts that hold allocation also hold a Gulf commercial reef fish permit and some accounts may only transfer allocation. Accounts that hold allocation are termed allocation holders. The number of allocation holders is typically greater than the number of shareholders, and this difference has been increasing over time. In 2015, the number of allocation holders increased from the previous year to 635 allocation holders, the largest number of allocation holders since the program began (Table 4).

Allocation holders can be classified as those holding shares and those without shares. Allocation holders without shares had to obtain allocation through the transfer of allocation from another account. Allocation holders with shares may also increase the amount of allocation within the account through the transfer of allocation from another account. At the start of the program, 93% of allocation holders also held shares. This percentage has been declining over time (Table 4). In 2015, only 63% of the allocation holders also held shares (Table 4). The continued decrease in allocation holders with shares may result from a variety of factors, for example, a shareholder may manage shares in related accounts,² be unable to buy shares (e.g., availability or price), change their harvesting behavior, and/or may be influenced by the GT-IFQ program (Table 6). The RS-IFQ and GT-IFQ programs have a large amount of overlap; 91% of the vessels that landed at least one pound of red snapper also landed at least one pound of GT-IFQ species. Discussions with industry representatives indicate that some fishermen that are catching red snapper as supplemental or incidental catch and not targeted catch. Fishermen have indicated that they may use red snapper as a supplemental catch to increase the profitability of a low yield trip targeting another species. Other fishermen catch red snapper incidentally when targeting species that are located in similar habitat, and therefore obtain red snapper allocation to reduce discards. These behaviors may increase the number of accounts holding allocation, as fishermen obtain allocation for supplemental or incidental catch. These fishermen may not wish to invest money in purchasing red snapper shares since they do not target red snapper as their main catch, especially as the share price has increased since the start of the program. Quota increases may also allow allocation to be indirectly distributed among more participants through transfers. As the quota increases, those with shares receive a larger amount of allocation than under a smaller quota (e.g., 5% of 100 lb = 5 lb, while 5% of 200 lb is 10 lb). If the allocation received by the fisherman is more than needed to land red snapper, they might sell the allocation to another account that does not have shares, rather than land the allocation themselves.

Table 4: Allocation holders by share status

Year	Total	With Shares	Without Shares
2007	596	554 (93%)	42 (7%)
2008	547	497 (91%)	50 (9%)
2009	530	474 (89%)	56 (11%)
2010	598	461 (77%)	137 (23%)
2011	589	439 (75%)	150 (25%)
2012	599	438 (73%)	161 (27%)
2013	598	421 (70%)	177 (30%)
2014	606	399 (66%)	207 (34%)
2015	635	397 (63%)	238 (37%)

Dealers

In 2015, the number of dealers that received and processed red snapper increased slightly from 96 in the previous year to 105 dealers (Table 5). Dealers can be classified by the percentage of annual RS-IFQ landings purchased: small dealers purchased <1% of red snapper landings, medium dealers between 1-3% of annual RS-IFQ landings, and large dealers greater than 3% of annual RS-IFQ landings. As in previous years, the majority of dealers purchase a small proportion of the overall catch (Table 5). Small-sized dealers increased by 11 in 2015, while medium-sized and large-sized dealers remained similar to the previous year (Table 5). Some small-sized dealers are likely fishermen who have obtained a GSAD dealer permit to eliminate the middleman and therefore reduce costs and increase profits. Currently it is not possible to link ownership of a shareholder account to ownership of a dealer account, as accounts may be held under different names (e.g., business vs. individual name(s) vs. different business name). Personal communication with industry representatives indicated that there were fishermen who also owned dealer permits, but these were not limited to just small-sized dealers.

Table 5: Dealer accounts with landings by volume

Year	Total Accounts	Small <1% of quota		Medium 1-3% of quota		Large >3% of quota	
		Accounts	% landings processed	Accounts	% landings processed	Accounts	% landings processed
2007	75	56	9.86	8	14.85	11	75.29
2008	67	48	9.44	9	17.96	10	72.60
2009	66	44	9.91	11	17.53	11	72.56
2010	77	57	12.99	13	25.70	7	61.31
2011	82	64	15.05	10	17.50	8	67.45
2012	82	67	13.48	7	15.75	8	70.77
2013	81	66	14.16	7	15.87	8	69.97
2014	96	77	10.29	11	19.74	8	69.97
2015	105	88	11.68	8	16.85	9	71.47

Dealer size is determined by percentage of annual red snapper landings landed with each dealer and may include multiple facilities.

Vessels

In 2015, the number of vessels landing red snapper increased slightly from 401 in the previous year to 415 (Table 6). The increase in vessels landing red snapper was distributed across all states, but primarily increased within the Florida region (Table 6). Despite the increase in vessels landing red snapper, the number of vessels is still below the average number of vessels harvesting red snapper prior to the IFQ program. Since the start of the program, vessels primarily landed their catch at Florida facilities. In 2015, 341 vessels landed at Florida facilities, followed by 40 vessels in Texas, and 24-28 vessels in the other Gulf states (Table 6). There has been an increase in vessels landing the Alabama/Mississippi region, and a slight decrease in the vessels landing in Louisiana and Texas since the program began. Changes in the number of vessels landing in each state may be influenced by factors outside of the RS-IFQ program, such as changes in markets, fishing behavior, availability of facilities, etc. The increase in vessels in 2010 was most likely due to the start of the GT-IFQ program. The

programs are managed under the same system, which made obtaining red snapper allocation relatively easy for GT-IFQ participants. Vessels that primarily target GT-IFQ species may obtain red snapper allocation to account for any incidental catch of red snapper. Since the start of the GT-IFQ program, there has been a high degree of overlap between the two programs, with 90% to 94% of the RS-IFQ vessels also harvesting GT-IFQ species.

Table 6: Number of vessels harvesting red snapper by state

Year	Total ¹	FL	AL/MS	LA	TX	% vessel overlap with GT-IFQ program ³
2002 -06 ²	485	-	-	-	-	NA
2007	309	224	8	42	60	NA
2008	300	219	16	37	49	NA
2009	294	221	14	27	40	NA
2010	384	309	30	27	34	91%
2011	362	292	27	20	31	91%
2012	371	304	23	23	28	94%
2013	368	295	20	27	35	91%
2014	401	320	23	26	36	90%
2015	415	341	24	28	40	91%

¹ The total number of vessels is less than the sum of vessels across states because some vessels land in multiple states. States are determined by the facility that received the fish.

² Values for 2002-2006 are average values across this time period from the Coastal logbook records.

³ Percentage of vessels that landed red snapper that also landed GT-IFQ species.

Program Activity

Share Transactions

A share is the percentage of the commercial quota assigned to a shareholder account that results in allocation (pounds) equivalent to the share percentage of the quota. Shares were distributed at the start of the program to participants based on landings history. Shares can only be increased or decreased through share transfers. Share transfers in 2015 increased considerably from the previous year, as did the amount of shares transferred (Table 7). There were 120 share transfers in 2015, which exceeded all previous years including the first year of the program (Table 7). The volume of shares transferred in 2015 was ~15%, which was 3 times the previous year and 1.5 times more than the first year of the program. Individual share transfers ranged from 0.00001% to 1.0000%, with an average of 0.1276%.

The number of share transfers and amount transferred may have increased due to a variety of reasons. For example, the Gulf Council is in the process of modifying the RS-IFQ system, and discussion at these

Table 7: Number and volume of share transfers

Year	N	%	Avg. %
2007	108	10.7428	0.0995
2008	42	4.8150	0.1146
2009	75	6.0233	0.0803
2010	79	8.4748	0.1073
2011	78	5.0979	0.0654
2012	81	7.5608	0.0933
2013	76	4.7401	0.0624
2014	91	5.5619	0.0611
2015	120	15.3071	0.1276

meetings centered on concepts that may have influenced share transfers, such as inactivated accounts and related accounts. The Council is also considering redistributing shares from inactivated accounts. At the same time, the IFQ website began posting account holder names, status (initial vs active), and the amount of shares held by each account. This discussion and the posting of IFQ shareholders may have facilitated communication between activated and inactivated shareholders. These discussions have led to the activation of many of those accounts, which in turn may have led to the transfer of shares out of those accounts. The Council also discussed related accounts. Related accounts have at least one person in common among different accounts. Related accounts may be created to separate assets (e.g., shares held separately from the vessel), due to different business relationship (e.g., each vessel is incorporated separately), or other reasons. Discussions of such accounts may have led to more participants seeking to create related accounts to hold their shares.

Allocation Transactions

Annual RS-IFQ allocation is the actual poundage of red snapper each IFQ account can use to possess, land, and/or transfer during a given calendar year. Individual units of allocation cannot be tracked in the system (e.g., the same pounds may be transferred multiple times). Only allocation transfers between shareholder accounts were analyzed in this report, and not transfers within accounts (e.g., shareholder account to vessel account). The number of transfers and the amount transferred increased considerably in 2010, which, in part, was due to a change in system structure. A new system was created for 2010 to accommodate the GT-IFQ program. The previous system allowed for an under-representation of allocation transfers, as there were no vessel accounts and a single vessel could land under multiple shareholder accounts, thereby bypassing an allocation transfer. The current system precludes this from occurring.

In 2015, allocation transfers and the amount transferred increased from the previous year, and was the greatest number and volume in the program to date (Table 8). Some of the increase in the number of transfers and amount transferred can be attributed to the increase in the red snapper quota (Table 12). On June 1, 2015, the red snapper quota increased by 1.5 million pounds (mp) to 6.57 mp. In total, the amount of allocation transferred (9.25 mp) exceeded the quota released in 2015 by 140.9% (Table 8). While allocation transfers ranged from 1 lb to more than 100,000 lb per transfer, the average number of pounds transferred was 2,732 lb and the median value was 700 lb (Table 8). Previous input from industry representatives has indicated that around 500 lb of allocation was often transferred to vessels that do not target red snapper to allow for any incidental or supplemental catch of red snapper on a trip. With the increase in quota, this value may have risen to 700 lb.

Table 8: Number and volume of allocation transfers

Year	N	Lbs.	Avg. lbs.	Median lbs.	% Quota
2007	808	1,686,218	2,087	671	56.5%
2008	683	1,371,100	2,007	600	59.7%
2009	843	1,539,479	1,826	500	67.0%
2010	1,719	3,065,736	1,783	500	96.1%
2011	2,155	3,639,394	1,689	500	110.3%
2012	2,551	3,741,966	1,467	400	100.8%
2013	2,752	5,762,456	2,094	500	114.0%
2014	2,860	5,549,553	1,940	500	110.0%
2015	3,387	9,254,534	2,732	700	140.9%

Account Activity

Account activity (active versus inactive) can be determined through analyzing allocation transactions. An account is considered active if the account landed, sold, and/or bought allocation during that fishing year. Accounts may be inactive due to several reasons: inactivated accounts (never accessed), shares resulting in negligible pounds for harvest or sale (e.g., 1-5 lb), or inability to harvest (e.g., vessel in dry dock). Each year the account status was determined based on an account's activity within that year. Active accounts can be classified as those landing allocation and those that only transfer allocation. Accounts that landed allocation may have also transferred allocation into or out of the account. There are a variety of reasons why an account holder may have only transfer allocation: account holder could not harvest allocation (e.g., no permit, vessel inoperative), allocation was transferred to a related account, account holder had insufficient allocation to harvest (e.g., shares resulted in only a few pounds of allocation), and/or greater profit could be earned from selling than harvesting the allocation. Accounts without a Gulf commercial reef fish permit may not land red snapper, and therefore can only transfer allocation. Prior to 2012, accounts without permits could only transfer out allocation and could not transfer in allocation.

In 2015, the activity of the allocation holder accounts was similar to the previous year (Table 9). The number of inactive accounts (n=77) in 2015 remained at 12% of all accounts with allocation (Table 9). Both 2014 and 2015 have the lowest percentage of inactive accounts (12%) since the start of the program. Council discussion about inactive accounts and the FOIA IFQ account list may have led to this decrease in inactive accounts. The number of accounts landing red snapper and the number of accounts only transferring allocation were both similar to 2014, with 60% and 28% respectively (Table 9). The percentage of accounts landing red snapper in 2014 and 2015 were the greatest percentages to date. The number of accounts that are only transferring allocation may be indicative of allocation being transferred between related accounts.

Table 9: Accounts by activity

Year	Inactive	Landing	Only Transferring allocation
2007	173 (29%)	279 (47%)	144 (24%)
2008	168 (31%)	269 (49%)	110 (20%)
2009	137 (26%)	262 (49%)	131 (25%)
2010	122 (20%)	337 (56%)	139 (23%)
2011	102 (17%)	328 (56%)	159 (27%)
2012	94 (16%)	333 (56%)	172 (29%)
2013	96 (16%)	337 (56%)	165 (28%)
2014	74 (12%)	369 (61%)	163 (27%)
2015	77 (12%)	378 (60%)	180 (28%)

Table 10: Landings by share status

Year	With Shares		Without Shares	
2007	2,598,649	91%	265,738	9%
2008	1,958,999	88%	276,420	12%
2009	1,735,818	78%	498,196	22%
2010	2,220,185	73%	835,859	27%
2011	2,060,719	64%	1,177,616	36%
2012	2,522,817	69%	1,113,578	31%
2013	2,972,769	61%	1,935,829	39%
2014	3,035,667	61%	1,980,389	39%
2015	3,567,377	55%	2,904,884	45%

Of the accounts that landed allocation, 55% of the 2015 landings came from accounts that also held shares (Table 10). While this is the majority of the landings, since the start of the program there has

been a steady decrease in the amount of landings that came from accounts with shares (Table 10). While this appears to show a growing disconnect between accounts with shares and those that land those shares, these data must be interpreted with caution. As stated earlier, many accounts are related to other accounts and conversations with industry representatives have indicated that some fishermen purposely separate their shares from the account landing the allocation.

Since the start of the program, the majority of the accounts that only transferred allocation held shares (Table 11). In 2015, the total pounds transferred from accounts that were only transferring allocation was 53% of the total amount of allocation transferred (Tables 8 and 11). The majority of pounds transferred were from accounts with shares (95%; n = 148), and were divided nearly evenly among those accounts with Gulf reef fish permits (54%; n = 80) and without Gulf reef fish permits (46%; n = 68). In 2015, only 2.7% of the pounds transferred came from accounts that only transferred allocation but did not hold shares (n = 32; Table 11). Of these accounts, 10 accounts also did not hold a Gulf reef fish permit, yet transferred 0.193 mp of allocation, the greatest volume to date for these accounts. These accounts without shares and without a Gulf reef fish permit may have been acting as brokerage accounts, obtaining allocation solely to transfer it to other accounts, or these accounts may have related accounts and are being used to temporarily hold allocation. Currently, there is no method to determine which accounts are related or any established method to distinguish accounts that act as brokers.

Table 11: Number and volume of accounts only transferring allocation

Year	N	With Shares				Without Shares			
		With Permit		No Permit		With Permit		No Permit	
		Accts	Lb	Accts	Lb	Accts	Lb	Accts	Lb
2007	144	117	321,285	21	216,531	6	18,890	N/A	N/A
2008	110	63	192,382	36	267,159	11	15,124	N/A	N/A
2009	131	75	385,237	49	238,140	7	4,430	N/A	N/A
2010	139	75	948,205	48	497,648	16	51,315	N/A	N/A
2011	159	92	1,161,253	47	580,099	20	19,523	N/A	N/A
2012	172	101	1,410,115	52	819,592	19	24,812	0	0
2013	165	89	2,016,673	52	1,170,137	21	36,964	3	109,899
2014	163	76	1,651,320	66	1,445,864	17	107,529	4	92,331
2015	180	80	2,499,546	68	2,162,768	22	57,437	10	193,225

Commercial Quota and Landings

Quota

After the 2005 red snapper stock assessment concluded that the stock was overfished and experiencing overfishing, the Gulf Council revised the red snapper rebuilding plan in 2007 by reducing commercial and recreational quotas, lowering the commercial minimum size limit, specifying a shrimp trawl bycatch

reduction target, and reducing the recreational bag limit. The 2009 and 2013 red snapper stock assessments (SEDAR 07 Update and SEDAR 31, respectively) revealed that spawning stock biomass increased as lower fishing mortality rates allowed more fish to survive to older ages. Increases in the spawning stock biomass allowed the Gulf Council to increase annual catch limits for red snapper in 2010, 2011, 2012, and 2013. There was no quota increase in 2014. In 2015, the quota was similar to 2014 at the start of the year (5.054 mp), but increased on June 1, 2015 by 1.51 mp. The final 2015 quota was 6.75 mp (Table 12).

Table 12: Red snapper quota (lb gw)

Year	Jan 1 Quota	Quota Increase	Increase Date	Dec 31 Quota
2006	4,189,189	N/A	N/A	4,189,189
2007	2,297,297	689,189	June 1	2,986,486
2008	2,297,297	N/A	N/A	2,297,297
2009	2,297,297	N/A	N/A	2,297,297
2010	2,297,297	893,694	June 2	3,190,991
2011	3,190,991	109,910	May 31	3,300,901
2012	3,300,901	411,712	June 29	3,712,613
2013	3,712,613	174,774 1,166,667	May 29 Sept 30	5,054,054
2014	5,054,054	N/A	N/A	5,054,054
2015	5,054,054	1,516,216	June 1	6,570,270

Landings

Since the beginning of the RS-IFQ program, more than 95% of the quota has been landed each year (Table 13). In 2015, 98.5% of the quota (6.472 mp) was landed despite the large increase in the quota (Table 13). Landings fluctuated monthly between 0.419 – 0.780 mp (Table 13, Figure 2). Peak landings for 2015 occurred in March, August, and December (Table 13, Figure 2). The high December landings were most likely indicative of allocation holders attempting to use all their allocation prior to the end of the year, as allocation expires on December 31. Similar to previous years, except 2014, the majority of 2015 landings occurred in Florida (40%, 2.61 mp; Table 14). Florida landings had been decreasing since 2011 but increased slightly in 2015 (Table 14). Texas landings remained high, but decreased slightly from 42% (2.121mp) in 2014 to 38% (2.454 mp) in 2015. Alabama and Mississippi landings have remained almost the same in 2015, with only a 1% increase while Louisiana landings increased 3% to 16% or 0.674 mp (Table 14).

Remaining Allocation

At the end of each year on December 31, any remaining allocation in an account expires. In 2015, 42% of the accounts (267 accounts) had at least one pound of allocation remaining, for a total of 97,625 lb (Table 15). The number of accounts and amount of allocation was greater than the previous year, but this may have been due to the mid-year quota release. Of the accounts with remaining allocation, 71% of those accounts were active (landed or transferred allocation), and these accounts contained the majority of remaining allocation (59,831 lb; Table 15). A small percentage of the remaining allocation belonged to inactive accounts (n = 77; 37,794 lb).

Table 13: Landings by month and year

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015
Jan	103,309	241,905	226,559	276,099	239,103	305,284	356,544	375,560	429,044
Feb	330,625	317,871	189,520	258,807	322,078	290,652	279,295	500,551	419,257
Mar	278,021	290,336	268,819	361,969	380,667	447,846	424,268	615,490	639,870
Apr	281,551	204,701	220,336	267,700	265,942	311,624	299,044	577,759	426,335
May	181,798	185,313	212,850	269,711	296,991	321,705	312,069	461,025	516,018
Jun	233,376	134,448	181,401	208,869	229,569	185,931	271,257	371,266	545,247
Jul	225,536	152,134	165,968	137,283	205,363	293,151	380,482	382,815	509,457
Aug	198,141	135,030	183,851	162,232	263,077	256,486	369,519	347,230	616,951
Sept	219,284	91,287	138,731	162,257	251,718	260,268	388,064	328,171	502,257
Oct	187,371	135,361	143,212	196,725	229,625	298,116	565,583	404,256	526,516
Nov	296,230	120,797	144,406	246,878	195,741	296,205	452,067	265,232	560,901
Dec	332,084	228,297	161,793	507,514	358,461	368,897	810,406	386,701	780,408
Total	2,867,326	2,237,480	2,237,446	3,056,044	3,238,335	3,636,395	4,908,598	5,016,056	6,472,261
% of Quota	96.0%	97.4%	97.4%	95.8%	98.1%	97.9%	97.1%	99.2%	98.5%

Table 14: Landings by state

Year	FL		AL/MS		LA		TX	
2007	1,122,379	39%	80,288	3%	447,055	16%	1,217,604	42%
2008	921,927	41%	88,058	4%	381,075	17%	846,420	38%
2009	930,630	42%	78,536	4%	415,203	19%	813,077	36%
2010	1,378,733	45%	159,967	5%	571,449	19%	945,895	31%
2011	1,594,317	49%	149,480	5%	606,804	19%	887,734	27%
2012	1,725,555	47%	166,429	5%	711,339	20%	1,033,072	28%
2013	2,001,334	41%	244,697	5%	1,060,017	22%	1,602,550	33%
2014	1,958,498	39%	261,762	5%	674,096	13%	2,121,700	42%
2015	2,610,215	40%	378,117	6%	1,028,943	16%	2,454,986	38%

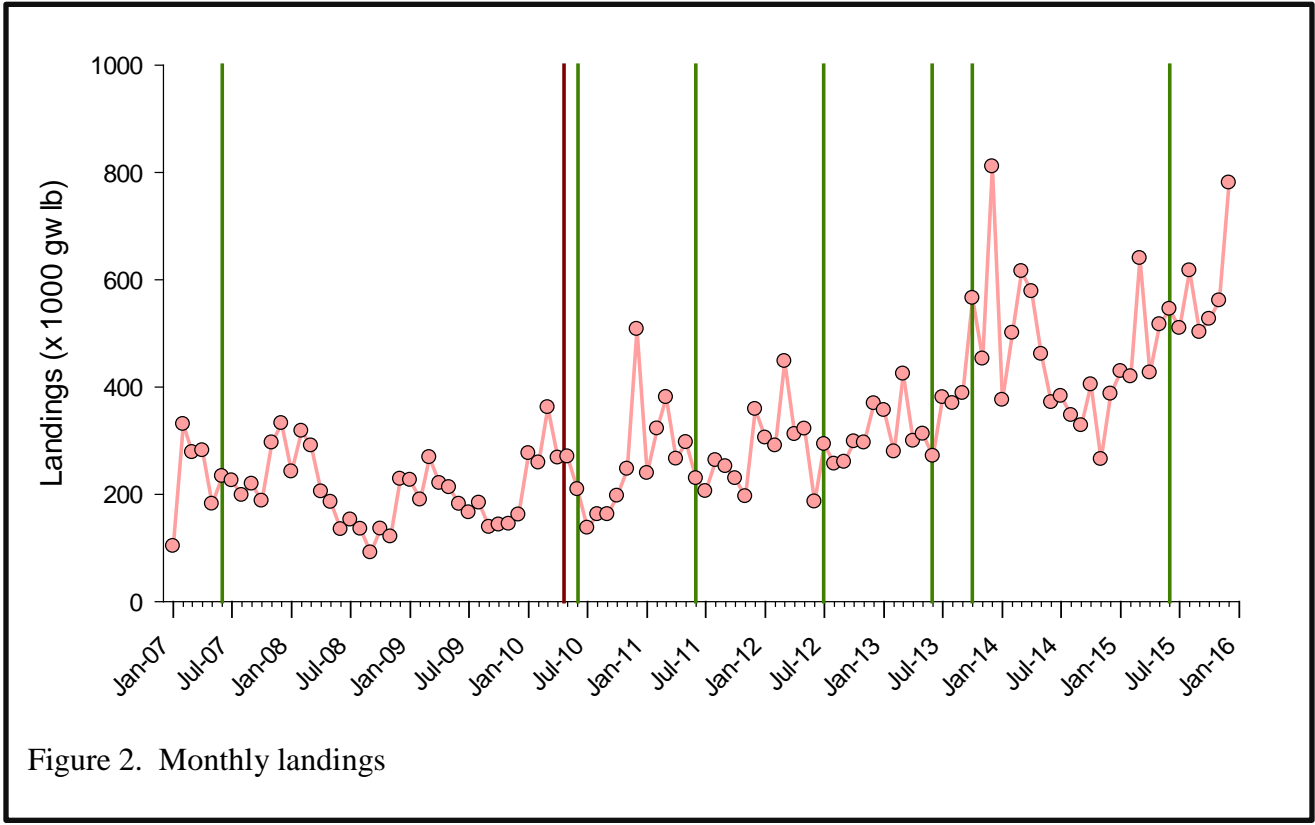


Table 15: Number of accounts with remaining allocation and volume by activity status

Year	Accounts	Lb.	% Quota	Active Acct	Active lb	Inactive Acct	Inactive lb
2007	327 (55%)	122,311	4.1%	154	43,768	173	78,543
2008	292 (53%)	59,515	2.7%	124	9,177	168	50,338
2009	242 (46%)	61,318	2.8%	105	19,638	137	41,680
2010	306 (51%)	133,104	4.2%	184	79,953	122	53,151
2011	236 (40%)	65,406	2.0%	134	14,663	102	50,743
2012	216 (36%)	75,626	2.0%	122	20,352	94	55,274
2013	257 (43%)	148,767	2.9%	161	68,957	96	79,810
2014	178 (29%)	37,223	0.7%	104	9,242	74	27,981
2015	267 (42%)	97,625	1.5%	190	59,831	77	37,794

A flexibility overage measure allows accounts that hold shares to land in excess of their allocation once per year. This overage measure allows one of the shareholder's vessels to land 10% more allocation than was on the vessel at that point in time. These overages typically occur late in the year, as there must be no allocation in the shareholder account for the overage measure to take effect. Any overage will be deducted from the shareholder's allocation in the following year. Each year, a small number of accounts (≤ 40 accounts) have overages (Table 16). Since the start of the program, total overages have been less than 3,500 lb, which equated to less than 0.15% of the quota (Table 16). In 2015, there were 18 accounts with a total of 2,279 lb of overages. The average amount of an overage was 127 lb, although the median amount was smaller at 33 lb (Table 16).

Table 16: Number of accounts with overages and associated volume

Year	Acct.	Total (lb)	Average (lb)	Median (lb)
2007	35 (6%)	2,939 (0.10%)	84	11
2008	41 (7%)	2,061 (0.09%)	50	14
2009	40 (8%)	3,432 (0.15%)	86	19
2010	14 (2%)	655 (0.02%)	47	26
2011	29 (5%)	3,262 (0.10%)	112	14
2012	29 (5%)	1,715 (0.05%)	59	18
2013	36 (6%)	4,741 (0.09%)	132	26
2014	23 (4%)	2,828 (0.06%)	123	33
2015	18 (3%)	2,279 (0.03%)	127	33

Effort and Discards

Effort was categorized by analyzing the number of trips that caught at least one pound of red snapper, days at seas (days away), and the average landings of red snapper on those trips. This analysis used the Southeast Fisheries Science Center's (SEFSC) coastal logbook records for 2007-2015 accessed on 4/25/2016. In 2015, the number of trips increased from the previous year by 313 trips, the greatest number of trips since the start of the program (Table 17). The days away increased slightly as well to 17,932 days away, but the average days per trip remained consistent with previous years averaging 4.5 days/trip (Table 17). In 2015, the average pounds per trip increased by 207 lb, for an average of 1,452 lb/trip (Table 17). This the greatest average pounds per trip to date for the RS-IFQ program.

The pace of fishing post-IFQ when compared to pre-IFQ effort continues to change, with increases in the number of trips, days away, average days/trip and average lb/trip (Table 17). This change in the pace of fishing may be influenced by factors both directly and indirectly related to the RS-IFQ program, such as elimination of trip limits and short fishing seasons, implementation of the GT-IFQ program, increases in quota, changes in targeting behavior, and regulations on other reef fish species.

Using the data from the IFQ system, the average pounds/trip were calculated for each vessel. Vessels were then sorted into three categories based on each vessel's average landings per trip: ≤ 500 lb/trip, between 500-2,000³ lb/trip, and greater than 2,000 lb/trip (Table 18). Prior to the start of the IFQ program, 76% of the vessels landed 500 lb/trip or less, while the remainder landed between 500 to 2,000 lb/trip. Vessels could not land greater than 2,000 lb/trip due to trip limit restriction of 2,000 lb that started in place in 1992 (Appendix 2). This trip limit was removed with the implementation of the RS-IFQ program. After the RS-IFQ program there was a shift for some vessels landing greater than 2,000 lb/trip (Table 18). In 2015, the percentage of vessels landings 500 lb/trip or less decreased to 59%. This decrease was primarily due to more vessels landings between 501 lb/trip or more. Vessels harvesting ≤ 500 lb of red snapper per trip may be operated by small shareholders or allocation only holders that do not primarily target red snapper. Instead, these vessels may catch red snapper as supplement harvest when targeting other reef fishes or as the retention of incidentally caught red snapper. The vessels that

³ This delineator was chosen to match the Class 1 licenses prior to the RS-IFQ program that had a trip limit of 2,000 lb.

land >2,000 lb/trip have remained between 11-14% since the start of the program (Table 18). Differences in average pounds/trip may be influenced by gear and region. Typically, regional and gear differences occur in trip length (days per trip) and landings (pounds per trip). In general, the Florida panhandle region has shorter trips and smaller average landings per trip (Figure 3). The western Gulf has considerably larger average landings per trip. Vessels harvesting red snapper with longlines typically have longer trips but smaller average landings per trip (Figure 3).

Table 17: Effort harvesting red snapper

Year	Trips	Days Away	Avg. days/trip	Avg. RS lb/trip
2002 -06 average	4,872	12,856	2.6	848
2007	2,578	11,165	4.3	1,072
2008	2,274	9,646	4.2	951
2009	2,329	9,444	4.1	929
2010	2,968	13,203	4.4	989
2011	3,389	14,613	4.3	907
2012	3,457	15,031	4.3	1,005
2013	3,464	15,923	4.6	1,290
2014	3,790	17,098	4.5	1,245
2015	4,103	17,932	4.5	1,452

Data from the SEFSC Coastal Logbook records as of 4/25/2016 and therefore may not contain the complete 2015 data.

Table 18: Vessel percentage by average pounds/trip

Year	<= 500 lb/trip	501-2000 lb/trip	2001+ lb/trip
2002 -06 average	74%	26%	0%
2007	65%	22%	13%
2008	69%	21%	11%
2009	68%	21%	11%
2010	67%	21%	13%
2011	68%	20%	12%
2012	72%	16%	13%
2013	59%	26%	14%
2014	64%	22%	13%
2015	59%	27%	14%

Data from the SEFSC Coastal Logbook records as of 4/25/2016 and therefore may not contain the complete 2015 data.

In 2015, the average number of days per trip remained similar to the previous year for within each region, as well as for trips using vertical lines (Figures 3A and 4B). Days per trip continued a slightly increasing trend for trips using longline gear (Figure 3B). Since the start of the program, the days per trip have remained largely unchanged in the Florida panhandle region and landings from vertical lines. Days per trip varied slightly within the Florida peninsula and western Gulf regions, and has increased slightly for landings from longlines.

In 2015, the average pounds per trip remained similar to 2014 for the Florida peninsula, increased in the Florida panhandle, but decreased in the western Gulf region (Figure 3C). Despite the decrease in the western Gulf in 2015, the average pound per trip was still higher than the pre-IFQ baseline, suggesting increased targeting of red snapper in that region. Average pounds per trip also increased slightly in 2015 compared to 2014 for vessels using both vertical lines and longlines (Figure 3D). The longline average pounds per trip still remains below the pre-IFQ average. Red snapper are not the primary catch of many longline vessels, and therefore vertical line vessels' average pounds per trip may be more indicative of trends in the red snapper commercial sector.

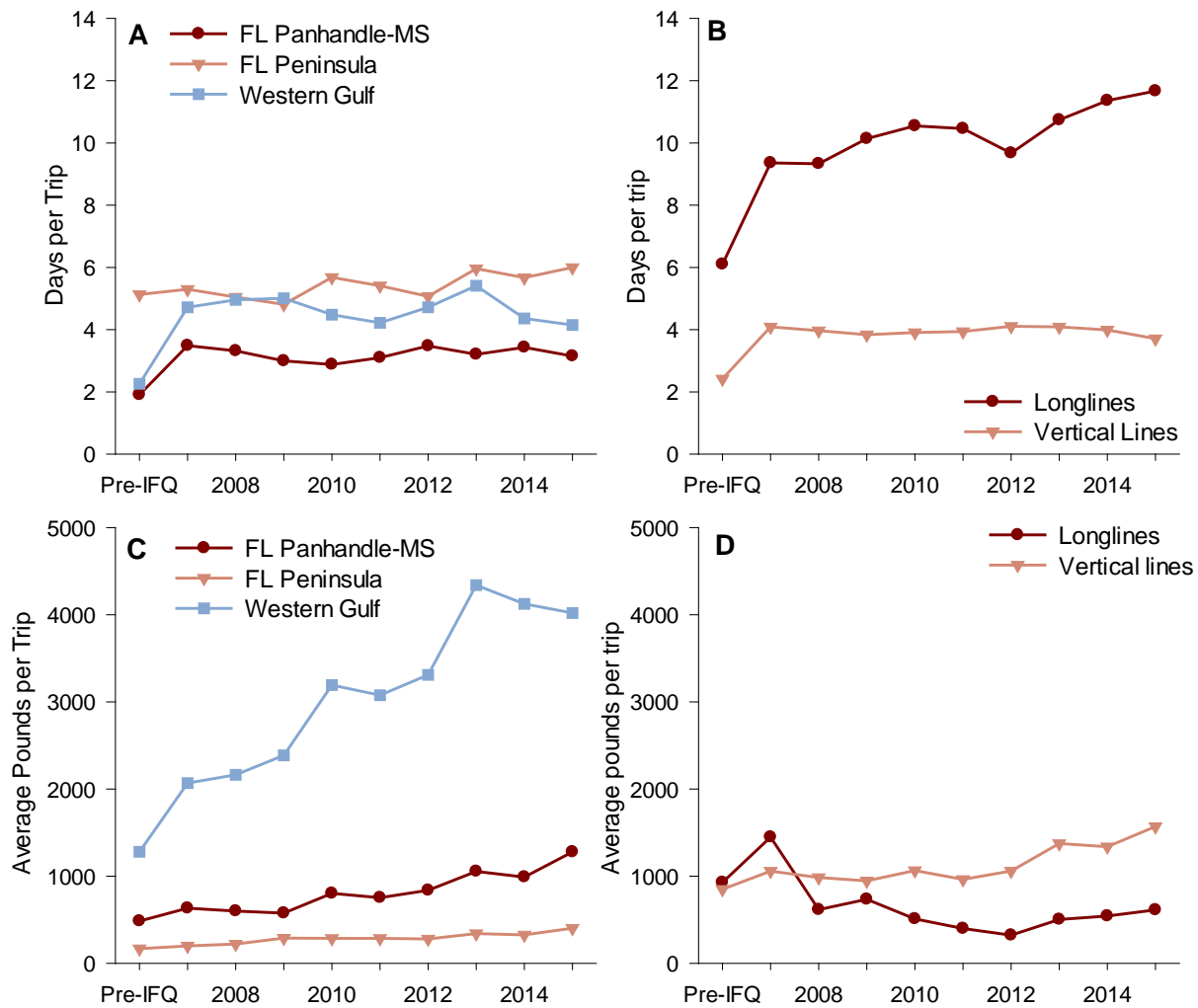


Figure 3. Average days/trip and pounds/trip by region and gear.
 Source: SEFSC Coastal Logbook records as of 4/25/2016.

Data from the SEFSC reef fish observer (RFOB) program were used to evaluate changes in red snapper discards. The RFOB database was accessed on 5/10/2016. The RFOB program began in mid-2006. RFOB data were categorized by gear: longline (LL) and vertical line (VL; handlines and bandit reels). LL trips primarily occurred off the Florida peninsula, while VL trips occurred throughout the entire Gulf. In 2009, RFOB coverage shifted effort towards vessels using LL gear (Table 19) increasing the total number of trips sampled from 2010 through 2012 (Table 19). The total number of trips observed decreased in 2013 and again in 2014 but increased in 2015 (Table 19). In 2015, there were 215 trips with observer coverage; 169 of those trips caught red snapper (Table 19). As in previous years, more of the observed trips fished with VL gear than LL gear, and more trips were observed off the Florida peninsula than the other regions (Table 19).

Table 19. Reef fish observer trips and trips catching red snapper ¹

Year	Gear						Regions ²					
	Trips		LL		VL		FL pen.		FL pan. – MS		LA – TX	
	Total	RS	Total	RS	Total	RS	Total	RS	Total	RS	Total	RS
2007	90	80	11	8	79	72	46	38	285	28	18	15
2008	59	49	5	4	54	45	35	25	11	10	17	17
2009	78	62	33	26	45	36	55	42	18	15	11	9
2010	110	88	54	43	56	45	81	64	24	18	13	10
2011	187	162	81	75	106	87	129	110	47	41	18	16
2012	273	233	19	17	254	216	159	123	89	86	37	35
2013	209	159	84	71	125	88	141	99	65	56	16	12
2014	136	107	27	23	109	84	84	58	36	34	19	18
2015	215	169	22	19	193	150	133	90	53	50	38	38

¹ Data from the Reef Fish Observer Program accessed as of 5/10/2016.

² One trip may include multiple regions, and therefore the sum of regions is greater than the total trips.

RFOB observers record disposition status as: landed/kept, discarded alive, discarded dead, and unknown. These disposition statuses were used to calculate discard ratios by gear and region. The discard ratio is the number of discarded fish for each fish landed. A larger value indicates that more fish are being discarded. Discard ratios may be influenced by the amount of allocation available to the vessels that were observed. Discussions at several stock assessments indicated that fishermen behavior, particularly with regards to discards, varies with the amount of allocation available both during a trip and throughout the year and the species the fishermen were targeting.

From 1995 through May 2, 2007, the minimum size limit for red snapper was 15 inches total length (TL; Appendix 2). The current minimum size limit of 13 inches TL was established on May 2, 2007. The ratio of discarded to landed red snapper showed distinct differences between regions and gear types (Table 20). Similar to past years, the 2015 red snapper discard ratio was larger in the LL fleet (0.45) relative to the VL fleet (0.11; Table 20). This greater discard ratio in the LL fleet may have resulted from insufficient allocation available to land red snapper as a bycatch species. Many of the vessels fishing off the Florida peninsula target grouper-tilefish and therefore may not have enough red snapper allocation available to them. As the red snapper stock continues to expand to the waters along the west Florida shelf⁴, discards will occur unless vessels obtain additional allocation. Discard rates in LL fleets decreased drastically in 2015, and these lower rates may be due to the increased amount of quota landed for that year. For all regions in 2015, the discard rates for red snapper were less than one fish discarded per each landed fish (Table 20).

⁴ The 2013 SEDAR 31 Red Snapper stock assessment notes the red snapper stocks have expanded along the west Florida shelf.

Table 20: Red snapper discard ratios (discarded:landed)

Year	Gear		Regions		
	LL	VL	FL pen.	FL pan. – MS	LA - TX
2007	22.18	0.40	1.56	0.35	0.36
2008	0.71	0.29	1.95	0.21	0.22
2009	1.9	0.74	8.07	1.44	0.06
2010	1.00	0.39	1.24	0.14	0.24
2011	2.01	0.31	1.39	0.21	0.27
2012	3.33	0.26	0.94	0.19	0.16
2013	1.87	0.13	0.89	0.16	0.18
2014	1.19	0.10	0.75	0.13	0.05
2015	0.45	0.11	0.36	0.09	0.08

¹ Data from the Reef Fish Observer Program accessed as of 08/4/2015.

Price Information

Share, allocation, and ex-vessel price information is important for evaluating the performance of catch share programs. Economic theory suggests that, when fishermen no longer have to engage in a “race for fish,” their profits will likely increase as they adjust their operations to take advantage of weather and market conditions. The elimination of “derby” fishing is expected to increase market stability. As more efficient and profitable operators are willing to pay higher prices to purchase shares and allocation, share and allocation prices increase, which may result in increased profits. Theoretically, allocation prices should reflect the expected annual profit from harvesting one unit of quota, whereas, share prices should reflect the net present value of the expected profit from harvesting one unit of quota in the long-run. Dockside or ex-vessel prices are anticipated to increase as well because fishermen no longer have to race to fish, which in turn, should reduce market gluts and generate higher quality products. All inflation-adjusted values in the analysis below were calculated based on the Gross Domestic Product (GDP) deflator⁵. The GDP deflator was chosen as the measure of inflation because it includes prices for all domestically produced goods and services and so is broader than other indexes.

Share Transfer Prices

Reporting of share transfer prices was not required until mid-2010, when a minimum transfer price of \$0.01 was required for all share transfers. Each year, there are share transactions that are either missing price information or have under-reported price information (e.g., \$0.01/lb). Transactions that had reported low or no value could be due to, but not limited to, any of the following: entering a price per pound equivalent⁶ instead of transaction price, reluctance to enter price information, gifts, transferring to

⁵ <http://www.bea.gov/national/index.htm#gdp>

⁶ A price per pound equivalent is the share percentage that would equal one pound for that particular period. The exact share percentage that is equivalent to one pound depends on the total commercial quota and will change as the quota changes from year to year or within a year for any quota increases.

a related accounts, part of a package deal (e.g., sale of shares with a permit, vessel, and/or other equipment), and/or unrecorded bartering of shares within the GT-IFQ or RS-IFQ programs. This misreporting of prices led to a 2012-2013 mail survey to participants about share prices. The survey was mailed to both the transferor and transferee for all past transfer where information was incomplete or possibly incorrect. Participants were asked to verify or correct the price information and select one of seven share transfer reasons: “Barter trade for allocation,” “Barter trade for shares,” “Gift,” “Transfer to a related account,” “Sale to another shareholder,” “Package deal,” and “No comment.” Beginning in 2013, a submission of one of these share transfer reasons was required to complete every share transfer, to better monitor the performance of the program. In 2015, the most the share transfers had either “Sale to another shareholder” or “No comment” as the transfer reason (Table 21). The highest volume of shares had “No comment” listed as the share transfer reason, followed closely by “Sale to another shareholder” and “Transfer to a related account” (Table 21). The numbers of transfers that list “No comment” as the transfer reason have increased since the reason field was added to the transaction form.

For share price analysis, the data were limited to share transfers with representative price per pound equivalents (see Appendix 3: Price Analysis Rationale). From 2013 onward, when prices differed between the transferor and transferee, a final price was decided based on the more representative total price entered. For example, a total price was selected over a value that was more representative of a price per pound. For the share price analysis, the data were limited to share transfers with price per pound equivalents that were greater than \$9 (all years) and less \$36 (2007-2011), less than \$50 (2012 – 2013), and less than \$60 (2014-2015) (See Appendix 3: Price Analysis Rationale). All values were weighted by the pounds instead of on a transactional basis.

Obtaining representative share prices continues to remain a problem in 2015, with only 51% of the transactions supplying representative share prices (Table 22). This number of prices that were no representative were similar to the number of transactions where no comment was entered as the transfer reason, indicating reluctance within the industry to supply share prices. The 2015 average price per equivalent pound for shares (\$33/lb) was similar to 2014 average (\$34/lb) (Table 22). Since 2012, the average share price has stabilized around \$33-\$37/lb (Table 22). This may indicate stability in the market or an upper limit participants are willing to pay for red snapper shares given the current and expected commercial quota in the near future.

Table 21: Share transfer reasons

Reason	2013		2014		2015	
	N	%	N	%	N	%
Barter trade for shares or allocation	6	1.92%	6	0.33%	4	0.07%
Gift	0	0%	6	1.08%	0	0%
No comment	12	0.38%	17	1.94%	47	6.18%
Package Deal	2	0.01%	5	0.95%	0	0%
Transfer to a related account	14	1.37%	9	0.18%	19	4.24%
Sale to another shareholder	42	1.05%	48	1.09%	50	4.82%

Table 22: Number of representative share transfers with prices

Year	N ¹	% of all transfers	Avg. price/lb ¹	Median price/lb ¹	Inflation-adj. avg. price/lb ²
2007	21	19%	\$11.04	\$12.51	\$12.48
2008	22	52%	\$11.56	\$10.50	\$12.81
2009	38	51%	\$20.64	\$20.00	\$22.70
2010	36	46%	\$19.84	\$21.50	\$21.56
2011	28	36%	\$28.77	\$26.03	\$30.63
2012	36	44%	\$34.75	\$35.00	\$36.33
2013	47	62%	\$36.77	\$42.00	\$37.83
2014	47	52%	\$34.37	\$34.00	\$34.74
2015	61	51%	\$33.62	\$35.43	\$33.62

¹ Only used share transactions between \$9 and \$36/lb equivalent from 2007 - 2011, \$9 - \$50/lb equivalent from 2012 - 2013, and \$12 - \$60/lb for 2014 onward.

² Inflation adjustments from: <http://www.bea.gov/> with 2015 as the base year using the GDP deflator.

Allocation Transfer Prices

Allocation transfer prices are collected on a per pound basis but are not required to complete a transfer. Nearly two-thirds or more of the allocation transfers each year are either missing price information or have under-reported price information (e.g., \$0.01/lb). Transfers that had low or no price information may be due to, but not limited to, any of the following: reluctance to enter price information, gift, transferring to a related account, part of package deal, or bartering for shares and/or allocation in the GT-IFQ program. Similar to the share transfers, to better monitor the program’s performance, beginning in 2013 the selection of one of seven allocation transfer reasons was required for every allocation transfer. Allocation transfer reasons that could be selected were “Barter trade for allocation,” “Barter trade for shares,” “Gift,” “Transfer to a related account,” “Sale to another shareholder,” “Package Deal,” and “No comment.” In 2015, the majority of allocation transfers had “No comment” (54.7%) selected as the allocation transfer reason, followed by “Sale to another shareholder” (29%) and “Transfer to a related account” (14%) (Table 23). The amount of pounds transferred followed a similar pattern with 61% of the pounds transferred listed as “No comment”, 23% listed as “Sale to another shareholder”, and 14% listed as “Transfer to a related account” (Table 23).

For the allocation price analysis, the data were limited to representative prices, which were between \$1.20/lb and \$5.00/lb for 2007-2009 and \$1.50/lb and \$5.00/lb (2010-2015) (See Appendix 3: Price Analysis Rationale). All statistics were computed by weighting pounds transferred and not on a transactional basis. In 2015, like the preceding years, still less than 50% of the allocation prices were representative prices (Table 24). The average 2015 allocation prices was \$3/lb, similar to the values since 2011 (Table 24). Median allocation prices increased slightly in 2015 to \$3.25/lb (Table 24). Average allocation prices varied monthly, and in 2015 prices were greatest from March through August, and decreased in the later portion of the year (Table 25). The drop in prices from September through

December may be indicative of a delayed response to the quota increase that occurred in June. Allocation typically drop in December due to allocation expiring at the end of the year.

Table 23: Allocation transfer reasons

Reason	2013		2014		2015	
	N	lb	N	lb	N	lb
Barter trade for allocation	41	93,371	21	13,031	28	60,320
Barter trade for shares	3	6,854	4	9,950	8	63,794
Gift	38	91,734	28	16,887	37	39,124
No comment	1,374	2,802,597	1,560	3,088,708	1,854	5,638,898
Package deal	6	11,450	22	51,792	7	32,703
Transfer to a related account	411	1,281,863	323	823,707	485	1,321,814
Sale to another shareholder	878	1,473,599	902	1,545,478	968	2,097,881

Table 24: Number of representative allocation transfers and prices

Year	N ¹	% of all transfers	Avg. price/lb	Median price/lb	Inflation-adj. avg. price/lb ²
2007	155	19%	\$1.97	\$2.00	\$2.23
2008	152	22%	\$2.31	\$2.25	\$2.56
2009	283	34%	\$2.69	\$2.75	\$2.96
2010	344	20%	\$2.88	\$3.00	\$3.14
2011	476	22%	\$2.96	\$3.00	\$3.15
2012	781	31%	\$3.00	\$3.00	\$3.14
2013	1,068	39%	\$2.98	\$3.00	\$3.06
2014	1,382	48%	\$3.03	\$3.00	\$3.06
2015	1,560	46%	\$3.09	\$3.25	\$3.09

¹ Number of allocation transactions that had prices between \$1.20/lb and \$5.00/lb for 2007-2009 and \$1.80 - \$5.00 for 2010 onward.

² Inflation adjustments from: <http://www.bea.gov/> with 2014 as the base year using the GDP deflator.

Table 25: Average monthly allocation prices adjusted for inflation

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015
January	\$1.99	\$1.99	\$2.99	\$3.16	\$3.14	\$3.11	\$3.17	\$3.00	\$3.18
February	\$2.17	\$2.17	\$2.99	\$3.53	\$3.09	\$3.22	\$3.33	\$3.08	\$3.16
March	\$1.90	\$1.90	\$2.90	\$3.33	\$3.22	\$3.09	\$3.15	\$3.14	\$3.21
April	\$2.03	\$2.03	\$2.85	\$3.26	\$3.18	\$3.09	\$3.23	\$3.13	\$3.29
May	\$2.29	\$2.29	\$2.97	\$3.31	\$3.12	\$3.21	\$3.15	\$3.14	\$3.20
June	\$2.23	\$2.23	\$3.12	\$3.14	\$3.17	\$3.05	\$3.24	\$3.05	\$3.25
July	\$2.14	\$2.14	\$3.26	\$2.97	\$3.14	\$3.27	\$3.26	\$3.18	\$3.23
August	\$2.30	\$2.30	\$2.92	\$3.06	\$3.05	\$3.04	\$3.06	\$2.92	\$3.22
September	\$2.45	\$2.45	\$2.98	\$3.03	\$3.17	\$3.27	\$3.25	\$3.22	\$2.94
October	\$2.26	\$2.26	\$2.79	\$3.03	\$3.12	\$2.83	\$3.11	\$2.74	\$2.74
November	\$2.41	\$2.41	\$3.05	\$3.23	\$3.19	\$3.19	\$2.55	\$3.13	\$2.83
December	\$2.47	\$2.47	\$2.62	\$2.60	\$3.17	\$3.21	\$2.41	\$3.21	\$2.56

Inflation adjustments from: <http://www.bea.gov/> with 2015 as the base year using the GDP deflator.

Ex-vessel Prices

While ex-vessel prices are required to complete a landing transaction, prices have been variable, with prices as low as \$0.01/lb reported. Ex-vessel prices may differ depending on location and season. They may also be under-reported for a variety of reasons: to minimize cost recovery fees and/or capital gains, contractual arrangements between dealers and shareholders, and deductions for transferred allocation, goods (e.g., bait, ice, fuel), and/or services (e.g., repairs, machinery replacement). In June of 2011, regulations modified the definition for ex-vessel price and explicitly prohibited the deduction of allocation, goods, and/or services when reporting the ex-vessel price. For ex-vessel price analysis, the data were limited to representative ex-vessel prices, which were landings with prices per pound that were greater than \$2.60/lb and less than \$10/lb (2007-2013) or greater than \$3.40/lb and less than \$10.00/lb (2014-2015) (See Appendix 3: Price Analysis Rationale). All statistics were weighted by pounds rather than on a transactional basis. All ex-vessel prices prior to the start of the program were calculated using the SEFSC Accumulated Landings System (ALS) database as of 10/12/2016. After the start of the RS-IFQ program, ex-vessel prices are reported to both the ALS and RS-IFQ systems, but IFQ prices are used in this analysis.

In 2015, the majority (84%) of ex-vessel prices submitted were representative of the industry (Table 26). After adjusting for inflation, the average 2015 ex-vessel prices (\$4.85/lb) decreased slightly compared to 2014, but was still among some of the greatest ex-vessel prices since the start of the program (Table 26). The 2015 ex-vessel prices was nearly 1.5x greater than the pre-RS-IFQ ex-vessel prices (average of 2002-2006, inflation-adjusted) (Table 26). After adjusting for inflation, ex-vessel prices in 2015 are now among the greatest prices since 1990 (\$4.61/lb; Figure 4).

Table 26: Number of ex-vessel transfers and prices (\$/lb)

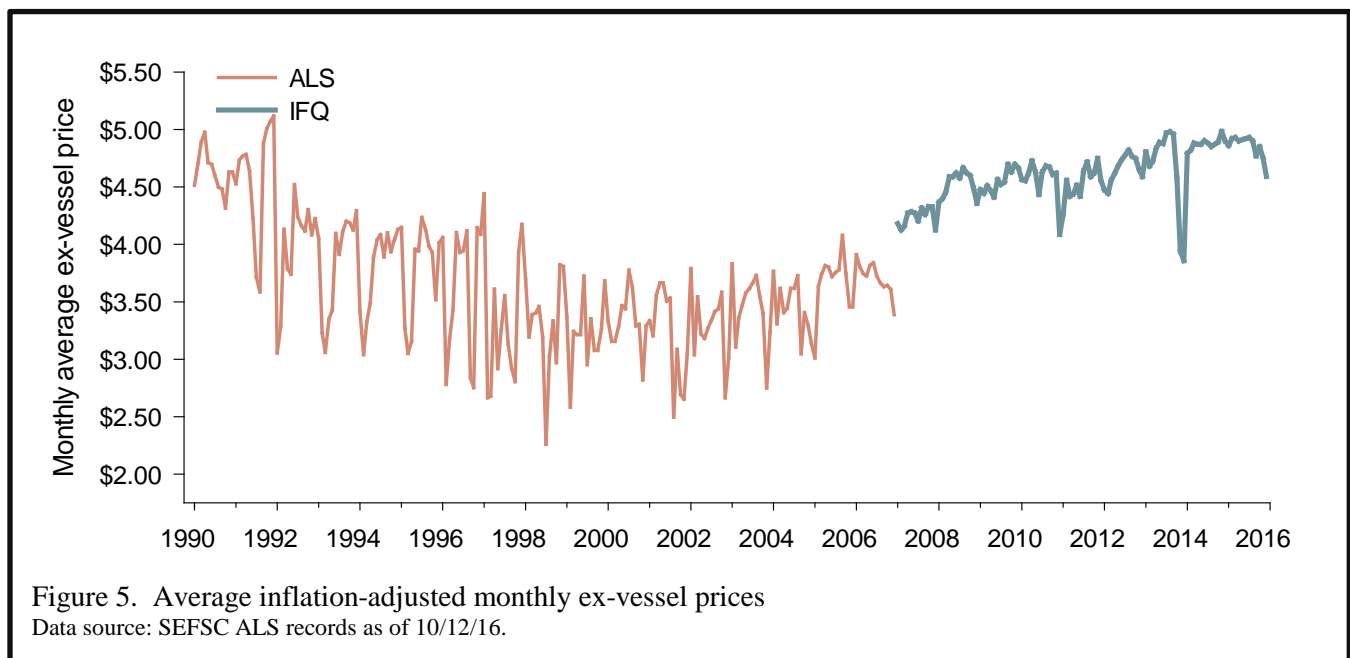
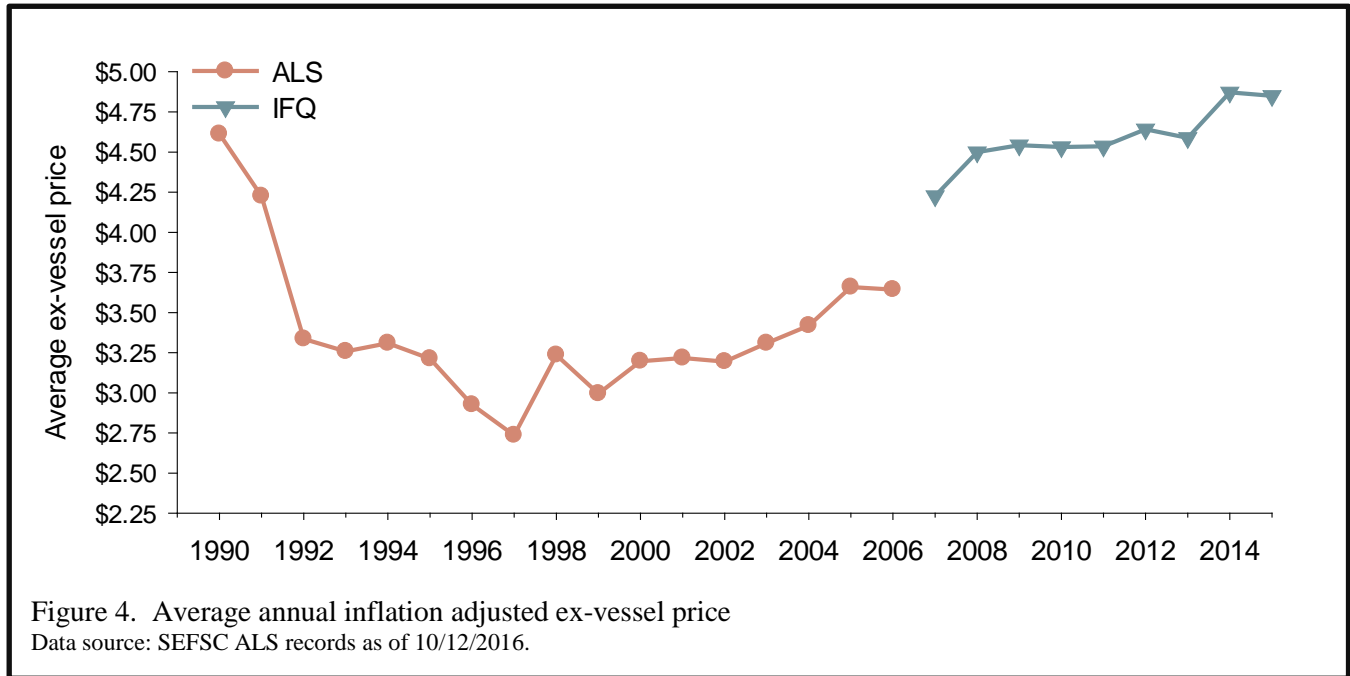
Year	N ¹	% of all trans.	Avg.	Median	Inflation-adj. avg. ²
Pre-IFQ ³	-	-	\$2.80	\$2.81	\$3.26
2007	2,455	92%	\$3.74	\$3.75	\$4.23
2008	2,023	85%	\$4.06	\$4.25	\$4.50
2009	1,963	79%	\$4.13	\$4.25	\$4.54
2010	2,319	71%	\$4.17	\$4.25	\$4.53
2011	2,985	77%	\$4.26	\$4.25	\$4.54
2012	3,319	84%	\$4.44	\$4.50	\$4.64
2013	3,716	90%	\$4.46	\$4.75	\$4.59
2014	3,660	84%	\$4.82	\$5.00	\$4.87
2015	4,045	84%	\$4.85	\$5.00	\$4.85

¹ Number of reasonable ex-vessel transactions (see Appendix 3).

² Inflation adjustments from: <http://www.bea.gov/> with 2015 as the base year using the GDP deflator.

³ Pre-IFQ averages are from 2002-2006.

One goal of the RS-IFQ program was to create greater market stability. Ex-vessel price may be influenced by the amount of quota, demand (Gulf-wide and regional), landings, and regional differences. Red snapper ex-vessel prices prior to the RS-IFQ program differed monthly by \$0.01/lb to \$2.03/lb per year (Figure 9). Ex-vessel price fluctuations since the start of the RS-IFQ program were generally smaller, with monthly differences of \$0.01/lb to \$0.93/lb (Figure 5). Ex-vessel prices typically decrease in November and December when fishermen seek to use the remaining allocation or when a large amount of quota is released during the season (Figure 5). These increases in allocation and subsequent landings result in lower ex-vessel prices.



During 2015, ex-vessel prices were greatest from February through August, and lowest in November and December (Table 27). The decrease in ex-vessel price in December has occurred each year since the start of the program as fishermen seek to use their remaining allocation, temporarily creating an excess supply of red snapper in the market. Ex-vessel prices varied within regions. In 2015, ex-vessel prices were lower year-round in Alabama and Mississippi, and in the last three-quarters of the year for Louisiana. Ex-vessel prices in the above regions averaged between \$4.56/lb and \$4.72/lb (Table 28). The 2015 average ex-vessel prices in Florida and Texas were greater than the other regions, with prices between \$4.81/lb and \$4.96/lb (Table 28). Both Florida and Texas are regions that typically have greater landings, which contribute to the RS-IFQ program's 2015 average ex-vessel price of \$4.85/lb. The greatest ex-vessel prices have been typically found in Florida (2007-2008, 2010, and 2015) or Texas (2012-2014) (Table 28). Differences between ex-vessel prices among regions was greatest at the start of the program (\pm \$0.69 and \$0.72/lb, 2007 and 2008 respectively). Differences decreased thereafter, with some of the least differences occurring between 2011 and 2013 (\pm \$0.23-\$0.25/lb), but began increasing again in 2014 and 2015 (Table 28). Differences are now \pm \$0.40/lb, with ex-vessel prices lowest in Alabama/Mississippi (Table 28).

Table 27: Average 2015 ex-vessel prices by month

Month	FL	AL/MS	LA	TX	All
Jan	\$4.94	\$4.56	\$4.84	\$4.80	\$4.86
Feb	\$5.05	\$4.25	\$4.93	\$4.81	\$4.92
Mar	\$5.05	\$4.73	\$4.90	\$4.86	\$4.93
Apr	\$5.06	\$4.95	\$5.10	\$4.69	\$4.90
May	\$5.04	\$4.90	\$4.93	\$4.77	\$4.91
Jun	\$5.04	\$4.84	\$4.69	\$4.86	\$4.92
Jul	\$5.03	\$4.86	\$4.74	\$4.89	\$4.93
Aug	\$5.02	\$4.75	\$4.69	\$4.86	\$4.90
Sept	\$4.90	\$4.43	\$4.78	\$4.68	\$4.77
Oct	\$4.99	\$4.51	\$4.78	\$4.81	\$4.85
Nov	\$4.78	\$4.15	\$4.61	\$4.86	\$4.75
Dec	\$4.69	\$3.83	\$4.15	\$4.77	\$4.59

Table 28: Average annual ex-vessel prices by region¹

Year	FL	AL/MS	LA	TX
2007	\$4.33	\$3.64	\$4.31	\$4.12
2008	\$4.67	\$3.95	\$4.62	\$4.28
2009	\$4.63	\$4.78	\$4.51	\$4.40
2010	\$4.59	\$4.31	\$4.38	\$4.53
2011	\$4.59	\$4.43	\$4.66	\$4.42
2012	\$4.64	\$4.49	\$4.50	\$4.72
2013	\$4.55	\$4.38	\$4.59	\$4.63
2014	\$4.85	\$4.56	\$4.75	\$4.95
2015	\$4.96	\$4.56	\$4.72	\$4.81

¹Inflation adjustments from: <http://www.bea.gov/> with 2015 as the base year using the GDP deflator.

Price Ratios

Allocation price to share price and allocation price to ex-vessel price ratios are commonly used as indicators of economic performance. These ratios provide information about the implicit discount rate of the quota market. Discount rates indicate the value of your current dollars to future dollars. Therefore, a high discount rate implies that your current dollars may be worth more than your future dollars. In general, decreasing discount rates indicate that fishermen have longer planning and investment horizons because the perceived uncertainty about future returns lessens.

In 2015, both the allocation to share ratio and allocation to ex-vessel price remained similar to the previous year (Table 29). In comparison to the start of the program, the allocation to share discount rate decreased from 18% in 2007 to 9% in 2015 (Table 29). This suggests that fishermen are less uncertain about the RS-IFQ program with respect to share prices. The allocation to ex-vessel price ratio since the start of the program has increased from 53% in 2007 to 64% in 2015 (Table 29). The long-term change in allocation to ex-vessel ratio, suggests that fishermen have been successful at maximizing profits from the commercial red snapper quota and have an increased confidence in the program.

Table 29: Price ratios

Average \$/lb ¹	2007	2008	2009	2010	2011	2012	2013	2014	2015
Allocation	\$2.23	\$2.56	\$2.96	\$3.14	\$3.15	\$3.14	\$3.06	\$3.06	\$3.09
Shares	\$12.48	\$12.81	\$22.70	\$21.56	\$30.63	\$36.33	\$37.83	\$34.74	\$33.62
Ex-vessel	\$4.23	\$4.50	\$4.54	\$4.53	\$4.54	\$4.64	\$4.59	\$4.87	\$4.85
Ratios (allocation price/share or ex-vessel price)									
Shares	18%	20%	13%	15%	10%	9%	8%	9%	9%
Ex-vessel	53%	57%	65%	69%	69%	68%	67%	63%	64%

¹Averages are adjusted for inflation, and shares are based on the equivalent pound.

Cost Recovery and Ex-vessel Value

The Magnuson-Stevens Act requires the Secretary of Commerce to adopt regulations implementing a cost recovery program to recover the actual incremental costs of managing and enforcing the RS-IFQ program. The cost recovery fee established for the RS-IFQ program is currently 3% of the actual ex-vessel value of Gulf red snapper. RS-IFQ allocation holders who completed a landing transaction with a dealer were responsible for payment of the fee. The dealer who purchased red snapper was responsible for collecting and submitting the fee on a quarterly basis. Monies collected were used for administration of the program, maintenance and upkeep of the online system and software, enforcement of the RS-IFQ program, and scientific research.

Cost recovery fees were calculated from the reported ex-vessel value, and therefore changes in ex-vessel prices and landings will affect the amount of cost recovery fees collected (Tables 30 and 31). Total ex-vessel value increased again in 2015 to over \$29 million (Table 30). Ex-vessel value in each of the first three quarters of 2015 was above \$7 million and accounted for more than 70% of the total ex-vessel value for the year, while the last quarter contributed \$8 million (Table 30). As the average ex-vessel price was lower in the last quarter, the main cause of the differences in ex-vessel value in the last quarter can be attributed to increased red snapper landings.

Cost recovery fees are calculated directly from the reported ex-vessel value. Increases in quota, landings, and/or ex-vessel prices will affect the total cost recovery fees. Cost recovery fees increased in 2015 by \$202,285 for a total of \$893,021 (Table 30). Cost recovery fees are now more than double the

amount collected at the start of the program, which has been due to both increases in ex-vessel prices and increased landings due to increased quotas.

Table 30: Reported ex-vessel values by quarter

Year	Jan – Mar	Apr – Jun	Jul- Sept	Oct –Dec	Total
2007	\$2,576,222	\$2,577,170	\$2,208,242	\$2,775,369	\$10,137,003
2008	\$3,065,980	\$1,996,123	\$1,421,440	\$1,776,917	\$8,260,461
2009	\$2,412,869	\$2,212,748	\$1,686,223	\$1,693,520	\$8,005,360
2010	\$3,108,724	\$2,652,196	\$1,557,619	\$2,957,294	\$10,275,834
2011	\$3,145,224	\$2,827,857	\$2,612,696	\$2,976,664	\$11,562,441
2012	\$3,934,030	\$3,308,138	\$3,132,546	\$3,805,450	\$14,180,164
2013	\$4,723,278	\$4,036,831	\$5,323,814	\$7,024,875	\$21,108,798
2014	\$6,818,495	\$6,437,344	\$4,967,398	\$4,801,220	\$23,024,456
2015	\$7,063,974	\$7,073,027	\$7,554,015	\$8,076,309	\$29,767,325

Table 31: Cost recovery fees by quarter

Year	Jan – Mar	Apr – Jun	Jul- Sept	Oct –Dec	Total
2007	\$77,223	\$77,310	\$66,248	\$83,261	\$304,043
2008	\$91,890	\$59,884	\$42,643	\$53,308	\$247,725
2009	\$72,386	\$66,383	\$50,587	\$50,801	\$240,157
2010	\$93,262	\$79,566	\$46,729	\$88,719	\$308,277
2011	\$94,357	\$84,836	\$78,382	\$89,302	\$346,877
2012	\$118,022	\$99,245	\$93,977	\$114,164	\$425,408
2013	\$141,699	\$121,105	\$159,725	\$210,747	\$633,276
2014	\$204,555	\$193,121	\$149,022	\$144,037	\$690,736
2015	\$211,919	\$212,191	\$226,621	\$242,290	\$893,021

Enforcement and Administrative Actions

Law Enforcement Activities

Law enforcement is a crucial component of the IFQ programs. Agents and officers from NOAA/NMFS Office of Law Enforcement (OLE) Southeast Division, the U.S. Coast Guard (USCG) and participating Joint Enforcement Agreement (JEA) states enforce the regulated activities mandated under the Gulf IFQ programs. State wildlife officers and game wardens routinely contribute to the enforcement of the IFQ programs under the auspices of the Cooperative Enforcement Agreement, by patrolling the waterfront, meeting vessels upon landing, and monitoring offloads. OLE Special Agents conduct random monitoring of vessels, assist state wildlife officers and game wardens with violations requiring further investigation and conduct independent investigations, primarily those involving the undocumented landing and sale of IFQ species and the trafficking of illegally harvested red snapper and grouper-tilefish entered into interstate commerce. During offshore boarding, the USCG and JEA partners with long range capabilities ensure that vessels harvesting red snapper have valid RS-IFQ accounts. During patrol, action was taken by OLE agents to correct problems identified and educate fishermen on program requirements and regulations. In other instances, OLE agents took enforcement action by way of

warnings (verbal and written), citations, and follow-up investigation by NOAA’s Special Agents. Major violations since implementation of the IFQ programs included the false reporting of species harvested and under reporting of total weights landed. Typical violations included landing prior to the three-hour minimum landing notice, landing at a unspecified or unapproved location, insufficient allocation, transporting IFQ species without an approval code, completing a landing transaction without a landing notification, and offloading after approved hours. Typical dealer violations included misreporting IFQ species, failure to provide a current dealer permit and/or IFQ dealer endorsement, and failure to report IFQ species landed.

OLE agents working with Florida Fish and Wildlife Conservation Commission and Alabama Marine Resources Division investigators, and officers recently completed an undercover investigation leading to the criminal indictments of eight individuals involved in the illegal commercial harvest, sale, and filing of false landing reports for IFQ species in the Florida panhandle and Alabama. OLE agents and officers conducted approximately 13 patrols, offload monitorings, and investigations involving IFQ program regulations, including the seizure of IFQ regulated species. The 2015 cases resulted in the issuance of verbal warnings, written warnings and violations, including one seizure totaling 1,088 lb of illegally harvested red snapper with a corresponding value of \$4,624 (Table 32).

Table 32: Federal IFQ law enforcement seizures

Year	Total IFQ cases	RS Cases	RS Pounds Seized	RS Seized value
2007	20	7	7,678	\$33,270
2008	17	6	1,622	\$6,525
2009	20	2	250	\$910
2010	9	4	538	\$2,170
2011	10	6	6,683	\$26,619
2012	6	5	5,855	\$27,482
2013	6	3	1,706	\$9,206
2014	4	3	739	\$911
2015	1	1	1,088	\$4,624

Synopsis

Summation of the 2015 Fishing Year

In the ninth year of the RS-IFQ program, the program has shown continued progress in achieving its main objectives of reducing overcapacity and mitigating the derby fishing conditions and auxiliary objectives such as increased market stability, fishing flexibility, and balancing social, economic, and biological benefits. The 2015 fishing year was similar in many respects to the 2014 fishing year, although participation had increased in 2015. Participation in the RS-IFQ program increased in 2015 in all aspects (shareholders, allocation holders, vessels, and dealers). The number of shareholders (accounts with shares) increased in 2015, the first time since the program began that there was an increase in shareholders. This may be due to the increased awareness of the RS-IFQ program, life events (e.g., death or divorce resulting in new accounts), and/or new or replacement entrants into the RS-IFQ program. Life events may lead to more shareholder accounts since a death may result in shares being distributed to heirs that establish an IFQ account or through divorce where both parties now establish separate IFQ accounts. There were 31 new shareholder accounts established in 2015, and these account received jointly 8.32% of the shares, the greatest amount going towards new shareholders since

the start of the program. This year also had the greatest number of allocation holders (n=635), dealers (n = 105), and vessels (n = 415) since the start of the program.

As participants adjust to the program, there have been changes in how participants behave and interact with other participants, including changes in the percentages of shareholders without reef fish permits, the percentage of accounts with shares, and account activity (number accounts inactive, landing or trading allocation). In 2015, there was a continuation of the increasing trend in number of shareholder accounts without Gulf reef fish permits, number of allocation holders without shares, and landings from accounts without shares. These three trends are inter-related. There are very few allocation holders without shares that also do not have a Gulf reef fish permit. Therefore, a decrease in shareholder accounts without Gulf reef fish permits, would lead to an increase in allocation holders without shares, and landings from accounts without shares. Shareholder accounts without Gulf reef fish permits (n = 134) now hold 30% of all shares, while allocation holders without shares compromise 37% (n = 238) of all allocation holders, and 45% of all landings are from accounts that do not hold shares. The proportion of inactive accounts (12%) and accounts only trading allocation (28%) remained similar to the previous year. For the accounts that only transferred allocation, the majority of accounts held shares and these accounts transferred the majority of the allocation within this category. Caution must be taken when interpreting the trends listed above, as many RS-IFQ accounts are related. Related accounts have at least one entity in common between the accounts and discussions with industry representatives indicate that some participants obtain different RS-IFQ accounts to separate their assets (e.g., shares from the vessel harvesting fish).

The number of share and allocation transfers continued to increase in 2015 with 120 share transfers totaling 15.3% of the total shares and 3,387 allocation transfers totaling 9.3 mp. Allocation transfers once again were in excess of the quota distributed that year (141% of the quota), indicating that allocation was being transferred multiple times. The average amount of allocation transferred increased from the previous years, as did the median amount transferred, which increased to 700 lb.

Despite an increase in the red snapper quota of ~1.5 mp, nearly all of the quota was harvested (98.5%). The remaining allocation that was not landed primarily resided in active accounts. Inactive accounts accounted for 38% of the remaining allocation. Landings occurred year-round, although the greatest amount of landings occurred in the last quarter of the year (29% of all landings). While landings occurred in each state, landings were greatest in Florida (40%) and Texas (28%). Effort remained similar to the previous year with just slight increases in the number of trips, days away, and average pounds landed per trip. The behavior of fishermen has changed since the start of the RS-IFQ program, which may be influenced both directly and indirectly by the RS-IFQ program. Some factors may include: effects from the GT-IFQ program, red snapper quota increases, changes in quota or regulations for other Gulf reef species, market demand, and changes in targeting behavior. Not all RS-IFQ accounts that land red snapper fish in the same manner, as some may target red snapper as their primary catch, while others use red snapper allocation to supplement other catch, and still others may use their allocation for incidental bycatch of red snapper. The majority of the vessels (59%) land around 500 lb/trip, indicating that many participants are not directly targeting red snapper but instead using their allocation for supplement catch or incidental catch. Vessels using longlines usually have longer days

per trip than vertical line vessels and the trip length has continued increased within the last four years. Vessels using longline gear, also typically have smaller average pounds per trip and this has not changed over the course of the RS-IFQ program. Discard ratios are generally higher for vessels using longlines versus vertical lines. In 2015, the discard ratio for longline vessels decreased, although this should be interpreted with caution due to the low sample sizes. Discards for vessels fishing either gear type are more likely due to insufficient allocation, rather than the minimum size limit. This is particularly apparent in the Florida peninsula region, where discard rates are greater. Increased discards off the Florida peninsula may be due in part to the expansion of the red snapper stock in this region. Future options should look into ways to minimize the discard of red snapper in areas or with gear types that have higher discards.

When representative price information (share, allocation, and ex-vessel price) is provided, the price information can indicate the successful of an IFQ program. Representative price reporting has improved since the start of the program, although further improvements are still needed for share and allocation prices. Representative prices decreased slightly for share transfers (51%) and allocation transfers (46%) and remained similar to 2014 for ex-vessel prices (84%). The inclusion of transfer reasons for share and allocation transactions helped to explain some of the low prices, as 58% of the share transfers and 71% of the allocation transfers were not a straightforward sale to another shareholder. The average share, allocation, and ex-vessel prices remained similar to the previous year with shares averaging \$33/equivalent lb, allocation averaging \$3/lb, and ex-vessel prices averaging just under \$5/lb. Ex-vessel prices remain greater than prior to the RS-IFQ program, despite increases in quota suggesting the program has been successful economically.

Looking Ahead

The Gulf Council is currently considering changes to both the RS-IFQ and GT-IFQ programs: Amendments 36A and 36B to the Reef Fish FMP. These amendments aim to improve the performance of the RS-IFQ and GT-IFQ programs based on suggestions from the Red Snapper 5-year review, an advisory panel, and Gulf Council discussions. Amendment 36A considers four actions: hail-in requirements for commercially permitted reef fish vessel that are not landing IFQ species, considerations for inactivated IFQ shareholder accounts (i.e., returning shares to NMFS, distribution of those shares), retaining allocation before a quota reduction, and dealer notification requirements. Amendment 36B considers the more complicated actions that deal with share and allocation caps, use requirements, program eligibility, and regulatory discards.

The SERO Catch Share staff are continuously looking for ways to improve the interaction with the online Website. If you have a suggestion on how the online system can be further improved, please call or e-mail SERO Catch Share customer support as listed on the cover page.

Appendices

Appendix 1. History of the red snapper individual fishing quota (IFQ) program

An IFQ program for red snapper was first proposed in Amendment 8 to the Fishery Management Plan (FMP) for Reef Fish Resources of the Gulf of Mexico (Reef Fish FMP) and approved by the National Marine Fisheries Service (NMFS) in 1995. The program was not implemented due to Congressional action that placed a moratorium on the development and implementation of new Individual Transferable Quota programs until October 1, 2000. Despite this moratorium, red snapper commercial fishermen and the Gulf of Mexico Fishery Management Council (Gulf Council) remained interested in developing an IFQ program, and in 2004 initiated the development of the current Red Snapper IFQ (RS-IFQ) program. A majority of eligible voters (based on a weighted majority of votes of red snapper Class 1 license holders) supported, through referendum, development of the RS-IFQ program. Persons eligible to vote in the 2004 referendum included red snapper Class 1 license holders and vessel captains harvesting red snapper during 1993-1996. License holders were defined as the entity that actually controlled the transfer of the license, and such person would be listed as the qualifier on the commercial reef fish permit. NMFS issued 157 referendum ballots, 145 of which were filed with the agency. The weighted vote resulted in 72% of respondents (representing 81% of the weighted votes) supporting the Gulf Council's development of an IFQ program. During 2004 and 2005, the Gulf Council, in collaboration with their Ad Hoc Red Snapper Advisory Panel, developed Amendment 26 to the Reef Fish FMP. This amendment outlined the key components of the RS-IFQ program. In 2006, a second referendum determined that a majority of eligible voters supported the submission of Amendment 26 to the Secretary of Commerce for approval. On January 17, 2006, NMFS issued 167 referendum ballots, 140 of which were filed with the agency; the weighted vote demonstrated 76% of respondents (representing 87% of the weighted vote) favored implementation of an IFQ program. The amendment was approved by the Gulf Council in March 2006 and implemented by the Secretary of Commerce on January 1, 2007.

Initial shares were issued to Gulf of Mexico commercial reef fish permit holders with valid Class 1 or Class 2 red snapper licenses on November 22, 2006, based on the amount of red snapper landings reported under each entity's qualifying license during the qualifying time period. For Class 1 license holders, RS-IFQ shares were based on the best ten consecutive years from 1990-2004. For Class 1 historical captain license holders, RS-IFQ shares were based on seven years of landings from 1998-2004. For Class 2 license holders, RS-IFQ shares were based on the best five years of landings from 1998-2004. Initial share distribution was based on landings history; therefore, Class 1 license holders received a majority of the RS-IFQ shares (91%) and corresponding allocation. Class 2 license holders and fishermen along the west Florida shelf received smaller amounts of shares and corresponding allocation, as red snapper were less plentiful there during the qualifying years of the RS-IFQ program.

In 2010, there were significant changes made to the RS-IFQ database and online system to align it with the new GT-IFQ program and enhance law enforcement. In 2010, the structure switched from a fisherman-assignee based system to a fisherman-vessel based system. In the old system, a unique entity could have multiple accounts (one for each vessel owned), but the new system switched to one account per unique entity and allowed multiple vessels per shareholder account. Additional changes to the

program included submission of share transfers electronically, estimation of gutted fish weights for landing notifications, requiring pre-approval of landing locations, and the elimination of vessel endorsements.

On June 1, 2011, actual ex-vessel price was redefined to ensure equivalent reporting among dealers. The definition now states that “actual ex-vessel price” represents the price paid per pound of fish before any deductions are made for transferred (leased) allocation (i.e., pounds of fish) and goods and/or services (e.g., bait, ice, fuel, repairs, machinery replacement).

On January 1, 2012, the RS-IFQ program opened to the general public. Prior to January 1, 2012, accounts could only be established in the RS-IFQ program if the account holder also held a Gulf commercial reef fish permit. After January 1, 2012, any U.S. citizen or permanent resident alien could establish a RS-IFQ account. Accounts without commercial Gulf reef fish permits, can transfer shares and allocation, but cannot harvest red snapper.

In 2012-2013, a five-year review of the RS-IFQ program was conducted to evaluate the progress - towards achieving the stated goals of reducing overcapacity and eliminating the problems associated with derby fishing. To analyze the program’s progress data were obtained from a variety of sources: RS-IFQ database; Southeast Fisheries Science Center’s coastal logbooks accumulated landings system, and reef fish observer program; the National Institute of Occupational Safety and Health; and surveys of the RS-IFQ participants. In general, the review found that the program has been moderately to highly successful in achieving its stated goals, although there is still room for further achievement, particularly with respect to overcapacity, discard mortality, price reporting, and social and community analyses. In 2013, transfer reasons were added to both share and allocation transfers in order to capture more information about the types of transfer that occur and the reasons for the transfers, especially as how they related to price.

In March of 2015, a Gulf Council webinar established a Reef Fish FMP framework amendment to adjust the red snapper quotas for the next three years (2015-2017) to be consistent with the red snapper rebuilding plan. The total red snapper quota was set equal to the acceptable biological catch (ABC) for each year. As the ABC was projected to decrease over the following three years, so will the commercial quota. The commercial quota was to be set at 6.567 mp gw in 2015, 6.414 mp gw in 2016, and 6.315 mp gw in 2017. However, in August 2015, the Gulf Council evaluated and adjusted the allocation of red snapper between the commercial and recreational sectors to ensure the allowable catch and recovery benefits were fairly and equitably allocated between the commercial and recreational sectors (Amendment 28, Red Snapper Allocation). Amendment 28 resulted in an increase in red snapper allocation to the recreational sector and a decrease in the commercial sector’s allocation. The allocation changed from 51% commercial: 49% recreational to 48.5% commercial:51.5% recreational allocation. This allocation adjustment further decreased the commercial quotas to 6.097 mp gw in 2016, and 6.004 mp gw in 2017. In September 2015, the Gulf Council finalized a framework amendment to retain a portion of the red snapper commercial quota from distribution at the start of 2016, as Amendment 28 was not be finalized before the annual IFQ distribution of allocation in January of 2016. This framework action withheld 4.9% of the 2016 red snapper commercial quota, the exact amount that was later reallocated to the recreational sector.

Appendix 2: Red snapper management history

Year	Days open	Quota (mp gw)	Harvest (mp gw)	Size Limit	Commercial Management Action
1990	365	2.79	2.39	13	
1991	236	1.84	1.99	13	
1992	95	1.84	2.80	13	<ul style="list-style-type: none"> Emergency rule: Apr 3- May 14 1,000 lb trip limit Moratorium on new commercial reef fish permits 200 lb trip limit or 2,000 lb trip limit with endorsement Closed fishery Dec 1
1993	94	2.76	3.04	13	<ul style="list-style-type: none"> Opened Feb 10 One trip limit per day Extended endorsements
1994	77	2.76	2.90	14	<ul style="list-style-type: none"> Raised minimum size over next 5 years Extended commercial reef fish permit moratorium
1995	52	2.76	2.64	15	<ul style="list-style-type: none"> Opened Feb 28
1996	87	4.19	3.89	15	<ul style="list-style-type: none"> Split quota into spring and fall seasons Extended endorsement
1997	73	4.19	4.33	15	<ul style="list-style-type: none"> Fall season started Sept 2 for 1st 15 days/month till quota met
1998	72	4.19	4.22	15	<ul style="list-style-type: none"> Established Class 1 and Class 2 licenses Allocated 2/3 quota to spring, starts Feb 1 Fall season started Sept 1, 1st 10 days /month
1999	70	4.19	4.39	15	<ul style="list-style-type: none"> Spring season reduced from 15 to 10 days/month
2000	66	4.19	4.36	15	<ul style="list-style-type: none"> Extended permit moratorium for 5 more years
2001	79	4.19	4.17	15	
2002	91	4.19	4.31	15	
2003	94	4.19	3.97	15	
2004	105	4.19	4.19	15	
2005	131	4.19	3.69	15	<ul style="list-style-type: none"> Extended commercial reef fish permit moratorium indefinitely
2006	126	4.19	4.19	15	
2007	365	2.99	2.87	13	<ul style="list-style-type: none"> Implemented commercial red snapper IFQ program Reduced quota from 2006 level Mid-year quota increase Reduced size limit on May 2, 2007 to 13" TL
2008	366	2.30	2.24	13	
2009	365	2.30	2.24	13	
2010	365	3.19	3.06	13	<ul style="list-style-type: none"> Mid-year quota increase in June; Area closures due to Deepwater Horizon oil spill event
2011	365	3.30	3.24	13	<ul style="list-style-type: none"> Mid-year quota increase in May
2012	366	3.71	3.64	13	<ul style="list-style-type: none"> Mid-year quota increase in June
2013	365	5.05	4.91	13	<ul style="list-style-type: none"> Mid-year quota increases in May and September
2014	365	5.05	5.02	13	
2015	365	6.57	6.47	13	<ul style="list-style-type: none"> Mid-year quota increase in June Framework action to withhold a portion of the commercial red snapper quota for 2016

All weights are in million pounds gutted weight; all lengths are in inches total length; all days are calendar days. Shading indicates IFQ years. Data collected from Gulf of Mexico Fishery Management Plans and Amendments, stock assessments, and IFQ program. Landings through 2006 were from the SEFSC ACL dataset accessed 7/3/2012; landings 2007 onward were from the IFQ system.

Appendix 3: Price Analysis Rationale

Price information is a crucial portion of the economic evaluation of the program, and yet the program continues to have price reporting challenges with respect to share transfers, allocation transfers, and ex-vessel prices. Share prices were not required from 2007-2009, but since mid-year 2010, a minimum transfer price of \$0.01 has been required for all share transfers. Despite requiring participants to enter a total price for share transfers, many share transactions had the default total value of \$0.01. Allocation transfer prices are currently not required by the online system (e.g., a zero value may be entered). Ex-vessel prices have varied considerably since the start of the RS-IFQ program, with values ranging widely. Extremely low prices have been attributed to dealers reporting ex-vessel prices after deducting for transferred or leased allocation, goods (e.g., bait, ice, fuel), and/or services (e.g., repairs, machinery replacement). The definition of actual ex-vessel price was changed through regulations in June 2011 and prohibits the cost of allocation transfers, goods, and /or services from being deducted from ex-vessel prices. Despite the new regulation in 2011, ex-vessel prices in many instances continue to be under-reported in the RS-IFQ online system.

An expected range of reasonable prices was calculated for each price variable but investigating the frequency of each price within a given year(s). Any price value outside the given range was excluded from analysis. Share prices were analyzed over multiple years, as any one given year had small number of prices with transactions. Allocation and ex-vessel prices were analyzed on a yearly basis. Both allocation and ex-vessel prices had bi-modal distributions that clearly displayed a subset of transactions with low price information. The minimum value was set as the valley between the bi-modal distributions. Share price ranges were set between \$9-\$36/lb for the first five years and greater than \$50/lb since 2012. For ex-vessel prices, the online system set a cap of \$10/lb for the first seven years, but increased the cap to \$15/lb in 2015. All minimum and maximum values can be seen in the table below. The above method for limiting price ranges was demonstrated to and endorsed by the Socioeconomic Scientific and Statistical Committee of the Gulf Council in 2013.

Year	Share		Allocation		Ex-vessel	
	Min	Max	Min	Max	Min	Max
2007	\$9	\$36	\$1.20	\$5.00	\$2.60	\$10
2008	\$9	\$36	\$1.20	\$5.00	\$2.60	\$10
2009	\$9	\$36	\$1.20	\$5.00	\$2.60	\$10
2010	\$9	\$36	\$1.80	\$5.00	\$2.60	\$10
2011	\$9	\$36	\$1.80	\$5.00	\$2.60	\$10
2012	\$9	\$50	\$1.80	\$5.00	\$2.60	\$10
2013	\$9	\$50	\$1.80	\$5.00	\$2.60	\$10
2014	\$9	\$60	\$1.80	\$5.00	\$3.40	\$10
2015	\$9	\$60	\$1.80	\$5.00	\$3.40	\$10

Appendix 4: Monthly Ex-vessel Price

The table below contains the average monthly ex-vessel price per pound for each year of the RS-IFQ program, after adjusting for inflation based on based on the Gross Domestic Product (GDP) deflator (<http://www.bea.gov/national/index.htm#gdp>).

Month	2007	2008	2009	2010	2011	2012	2013	2014
January	\$4.18	\$4.37	\$4.48	\$4.56	\$4.26	\$4.47	\$4.80	\$4.79
February	\$4.12	\$4.40	\$4.44	\$4.55	\$4.56	\$4.44	\$4.68	\$4.82
March	\$4.16	\$4.46	\$4.51	\$4.62	\$4.42	\$4.56	\$4.72	\$4.88
April	\$4.27	\$4.59	\$4.47	\$4.73	\$4.44	\$4.62	\$4.84	\$4.87
May	\$4.28	\$4.59	\$4.41	\$4.63	\$4.51	\$4.68	\$4.89	\$4.87
June	\$4.27	\$4.62	\$4.56	\$4.43	\$4.42	\$4.74	\$4.88	\$4.90
July	\$4.20	\$4.58	\$4.52	\$4.63	\$4.64	\$4.78	\$4.97	\$4.88
August	\$4.32	\$4.67	\$4.54	\$4.68	\$4.72	\$4.82	\$4.98	\$4.85
September	\$4.26	\$4.62	\$4.70	\$4.67	\$4.59	\$4.77	\$4.96	\$4.87
October	\$4.33	\$4.60	\$4.63	\$4.61	\$4.62	\$4.75	\$4.58	\$4.89
November	\$4.33	\$4.49	\$4.70	\$4.62	\$4.75	\$4.65	\$3.94	\$4.98
December	\$4.12	\$4.36	\$4.66	\$4.09	\$4.56	\$4.59	\$3.86	\$4.90

Appendix 5: Glossary

10% Overage – A provision in the IFQ program that allows IFQ accounts that hold shares to land 10% over their remaining allocation on the last fishing trip of the year. Any overage will be deducted from the shareholder's allocation for the next fishing year and the shareholder is restricted from selling shares that would prohibit this take back action.

Active Account – An account in which the allocation holder has landed, bought, and/or sold allocation within that year. Accounts activity status changes yearly based on the actions taken by the account.

Allocation – Allocation is the actual poundage of red snapper by which an account holder is ensured the opportunity to possess, land, or sell, during a given calendar year. IFQ allocation will be distributed to each IFQ shareholder at the beginning of each calendar year, and expire at the end of each calendar year. Annual IFQ allocation is determined by the amount of the shareholder's IFQ share and the amount of the annual commercial red snapper quota. Dealer accounts may not possess allocation.

Allocation Holder – An account that holds allocation and may or may not hold shares.

Allocation Only Holder – An account that only holds allocation and does not hold shares.

Allocation Transfer – A transfer of allocation (pounds) from one shareholder account to another shareholder account. Before January 1, 2012, allocation could be transferred only to an entity that held a valid Gulf commercial reef fish permit.

Entity – An individual, business, or association participating in the IFQ program. Each IFQ account is owned by a unique entity.

Ex-vessel price – The price paid to the vessel by a dealer per pound of fish before any deductions are made for transferred (leased) allocation and goods and/or services (e.g., bait, ice, fuel, repairs, machinery replacement, etc.).

Ex-vessel value - A measure of the dollar value of commercial landings, usually calculated as the price per pound at first purchase of the commercial landings multiplied by the total pounds landed

Gulf of Mexico Commercial Reef Fish Permit Holder – An entity that possesses a valid Gulf commercial reef fish permit and therefore, is eligible to be exempt from bag limits, to fish under a quota, or to sell Gulf reef fish in or from the Gulf Exclusive Economic Zone.

IFQ Dealer Endorsement – The IFQ dealer endorsement is a document that a dealer must possess in order to receive Gulf of Mexico red snapper. The dealer endorsement can be downloaded free of charge from the IFQ dealer's online account.

Inactive Account – An account in which the allocation holder has neither landed, bought, nor sold allocation within that year, including those who never logged into their account. Accounts activity status changes yearly based on the actions taken by the account.

Initial Account - An account that was never logged into by the account's owner(s).

Landing Notification - A required 3-12 hour advanced landing notification stating the vessel identification, approved landing location, dealer's business name, time of arrival, and estimated pounds to be landed in each IFQ share category. Landing notifications can be submitted using either a vessel's VMS unit, through an IFQ entity's on-line account, or through the IFQ call service. The landing notification is intended to provide law enforcement

officers the opportunity to be present at the point of landing so they can monitor and enforce IFQ requirements dockside. For the purpose of these regulations, the term landing means to arrive at the dock, berth, beach, seawall, or ramp.

Landing Transaction – The dealer completes a landing transaction by entering the date, time, and location of transaction; weight and actual ex-vessel price of red snapper fish landed and sold; and information necessary to identify the fisherman, vessel, and dealer involved in the transaction into the IFQ online system. The fisherman landing IFQ species must validate the dealer transaction report by entering his vessel's unique personal identification number when the transaction report is submitted. After the dealer submits the report and the information has been verified, the website will send a transaction approval code to the dealer and the allocation holder.

Median - The middle value in a statistical distribution, above and below which lie an equal number of values.

Participant - An individual or corporation that is part of an IFQ entity. For example, John Smith the participant may belong to multiple entities such as John Smith, John and Jane Smith, and ABC Company. Share and allocation caps are tracked at the IFQ participant level and not the IFQ entity level.

Pound Equivalent – The share percentage that would equal one pound for that particular time period. The exact share percentage that is equivalent to one pound depends on the total commercial quota and will change as the quota changes from year to year or within a year from any quota increases.

Public Participant – Accounts that do not have an associated Gulf commercial reef fish permit. Public participants may hold and transfer shares and allocation, but can not harvest red snapper.

Share – A share is the percentage of the commercial quota assigned to a shareholder account that results in allocation (pounds) equivalent to the share percentage of the quota. With limited exceptions, your percent share of the quota does not change unless shares are transferred into or out of an account. Dealer accounts may not possess shares.

Share Cap – The maximum share allowed to be held by a person, business, or other entity. The share cap prevents one or more IFQ shareholders from purchasing an excessive amount of IFQ shares and monopolizing the red snapper commercial sector.

Share Transfer – A transfer of shares from one shareholder account to another account. A shareholder must initiate the share transfer and the receiver must accept the transfer by using the online IFQ system. Before January 1, 2012, shares could be transferred only to an entity that held a valid Gulf commercial reef fish permit.

Shareholder – An account that holds a percentage of the commercial red snapper quota.

Shareholder Account – A type of IFQ account that may hold shares and/or allocation. This includes accounts that only hold allocation.