

SS SURFACE COATING: LARGE APPLIANCES  
 TT METAL COIL SURFACE COATING  
 UU ASPHALT PROCESSING ROOFING  
 VV EQUIPMENT LEAKS OF VOC IN SOCM I  
 WW BEVERAGE CAN SURFACE COATING  
 XX BULK GASOLINE TERMINALS  
 BBB RUBBER TIRE MANUFACTURING  
 DDD VOC EMISSIONS FROM POLYMER MANUFACTURING INDUSTRY  
 FFF FLEXIBLE VINYL AND URETHAN COATING AND PRINTING  
 GGG EQUIPMENT LEAKS OF VOC IN PETROLEUM REFINERIES  
 HHH SYNTHETIC FIBER PRODUCTION  
 III VOC FROM SOCM I AIR OXIDATION UNIT  
 JJJ PETROLEUM DRY CLEANERS  
 NNN VOC FROM SOCM I DISTILLATION  
 OOO NONMETALLIC MINERAL PLANTS  
 PPP WOOL FIBERGLASS INSULATION  
 QQQ VOC FROM PETROLEUM REFINERY WASTEWATER SYSTEMS  
 SSS MAGNETIC TAPE COATING  
 TTT SURFACE COATING OF PLASTIC PARTS FOR BUSINESS MACHINES  
 UUU CALCINERS & DRYERS IN THE MINERAL INDUSTRY  
 VVV POLYMERIC COATING OF SUPPORTING SUBSTRATES

#### List of Subjects in 40 CFR Part 70

Environmental protection, Administrative practice and procedure, Air pollution control, Intergovernmental relations, Operating permits, Reporting and recordkeeping requirements.

Dated: April 19, 1996.

John P. DeVillars,

*Regional Administrator, Region I.*

Part 70, title 40 of the Code of Federal Regulations is amended as follows:

#### **PART 70—[AMENDED]**

1. The authority citation for part 70 continues to read as follows:

Authority: 42 U.S.C. 7401, *et seq.*

2. Appendix A to part 70 is amended by adding the entry for Rhode Island in alphabetical order to read as follows:

Appendix A to Part 70—Approval Status of State and Local Operating Permits Programs

\* \* \* \* \*

Rhode Island

(a) Department of Environmental Management: submitted on June 20, 1995; interim approval effective on July 5, 1996; interim approval expires July 6, 1998.

(b) (Reserved)

\* \* \* \* \*

[FR Doc. 96-11081 Filed 5-03-96; 8:45 am]

BILLING CODE 6560-50-P

### **FEDERAL COMMUNICATIONS COMMISSION**

#### **47 CFR Part 3**

[MD Docket No. 93-297; FCC 96-110]

#### **Administration of U.S. Certified Accounting Authorities in Maritime Mobile and Maritime Mobile-Satellite Radio Services**

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule.

**SUMMARY:** This Report and Order establishes final rules related to the administration of U.S. certified accounting authorities in the maritime mobile and maritime mobile-satellite radio services except for distress and safety communications. The rules are required in order to ensure adherence to international settlement procedures. This Report and Order contains modified information collections requirements subject to the Paperwork Reduction Act of 1995.

**EFFECTIVE DATE:** This regulation is effective July 5, 1996 subject to the review of information collection requirements by the Office of Management and Budget. Upon approval of the information collections requirement from the Office of Management and Budget (OMB). The Commission will publish a public notice to notify the public of the effective date.

**ADDRESSES:** Comments on the information collections contained in this Report and Order should be directed to Office of The Secretary, Federal Communications Commission, 1919 M Street, N.W., Washington, DC 20554. In addition to filing comments with the Secretary, a copy of any comments on the information collections contained herein should be submitted to Dorothy Conway, Federal Communications Commission, Room 234, 1919 M Street, N.W., Washington, DC 20554, or via the Internet to [dconway@fcc.gov](mailto:dconway@fcc.gov) and to Timothy Fain, OMB Desk Officer, 10236 NEOB, 725

17th Street, N.W., Washington, DC 20503 or via the Internet to [fain\\_t@al.eop.gov](mailto:fain_t@al.eop.gov).

**FOR FURTHER INFORMATION CONTACT:** Shirley F. Wood, Office of the Managing Director, Financial Analysis Branch, Telephone: (202) 418-1990 or via the Internet at [swood@fcc.gov](mailto:swood@fcc.gov).

#### **SUPPLEMENTARY INFORMATION:**

Synopsis of Commission's Report and Order Adopted March 13, 1996 and Released April 23, 1996

1. The Federal Communications Commission's International Telecommunications Settlements Section, located in Gettysburg, Pennsylvania, acts as a national clearinghouse for the settlement of international maritime mobile service and maritime mobile-satellite service accounts. In this capacity, the FCC is known as an accounting authority and settles accounts for messages transmitted or received by U.S. licensed vessels via foreign coast station facilities.

2. The FCC has also allowed private entities to settle accounts with foreign administrations. By approving these additional "accounting authorities", the FCC has, in effect, delegated a portion of its traditional responsibilities regarding settlement of maritime accounts to private enterprise, at least in those instances where the accounting authority is settling accounts of U.S. licensed ship stations.

3. The FCC is issuing final rules regarding the approval and/or operations of accounting authorities. This Report and Order delineates rules for (a) determining the eligibility for granting/revoking certification as a U.S. accounting authority, (b) settlement operational procedures, (c) reporting requirements, and (d) enforcement procedures.

4. *Further*, the Report and Order establishes rules to ensure compliance by ship station licensees to make proper and timely payments and declares the ship station licensee to be ultimately responsible for settlement of their accounts.

5. The complete text of this rulemaking may be purchased from the Commission's copy contractor, International Transcription Service, Inc. (202) 857-3800, 2100 M Street, N.W., Suite 140, Washington, DC 20037.

#### **Paperwork Reduction Act**

The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and OMB to comment on the information collections contained in this Report and

Order, as required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13. OMB notification of action is due July 5, 1996; public and agency comments are due at the same time. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

OMB Approval Number: 3060-0584.

Title: Administration of U.S. certified accounting authorities in maritime mobile and maritime mobile-satellite radio services.

Form No.: FCC Form 44 and FCC Form 45.

Type of Review: Revision to an existing collection to consolidate three information collection requirements.

Respondents: Individuals and households; businesses and other for-profit.

Number of Respondents: 25.

Estimated Time Per Response: Three hours per response for Application for Certification of Accounting Authority form; one hour per response for the Annual Statistical Report of Settlement Operations form; and one hour per response for the Report of Additions/Modifications/Deletions to Inventory.

Needs and Uses: The Commission will use the information in this information collection to determine eligibility of applicant; to create internal studies and to ensure compliance. The Commission will also use the information to identify the accounting authorities of U.S. licensed vessels and to update the reporting of changes in accounting authority functions to the International Telecommunication Union for inclusion in their List of Ship Stations Report. The Report and Order is modified to reduce a monthly reporting of changes to the inventory of ships for which the accounting authority performs settlements to a semi-annual requirement. A requirement for this information was included in the Notice of Proposed Rulemaking, 58 FR 246, December 27, 1993, however, the burden of the requirement was not adequately addressed at that time.

Adopted: March 13, 1996.

Released: April 23, 1996.

By the Commission.

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I. Introduction

1. By this *Report and Order*, the Commission adopts rules governing the administration of accounting authorities in the maritime mobile and the maritime mobile-satellite radio services, except for distress and safety communications. The *Report and Order* establishes a certification process and settlement procedures within a regulatory framework that is flexible enough to invite participation by many diverse entities. The rules clarify accounting authority responsibilities and strengthen the settlement process while promoting the improvement of standards and settlement operations in industry.

2. The rules we adopt below establish an application and approval process for becoming an accounting authority to ensure that only qualified applicants perform this function. The application process and procedural rules also apply to entities currently settling accounts under interim Commission certification. The interim certification will be cancelled 60 days after the effective date of these rules if these entities do not follow the application process. The *Report and Order* also establishes standardized operational procedures and reporting requirements that will assist the FCC in monitoring the overall settlement function. The rules establish the accounting authority's receipt date of accounts for purposes of determining the appropriate conversion rate for the Special Drawing Rights (SDRs) and sets forth enforcement procedures for both accounting authorities who are not operating in accordance with FCC and established international procedures *and* for ship station licensees where the licensee fails to remit proper and timely payment for public correspondence communications to the Commission or to another accounting authority. Finally, the rules declare that the ship station

licensee is *ultimately liable* for proper and timely payment of accounts.

II. Background

3. International telecommunications settlements involve the collection and payment by various accounting entities of charges due foreign administrations for messages transmitted at sea by or between maritime mobile stations located on board ships subject to U.S. registry and utilizing foreign coast and coast earth station facilities. The United States Government has performed accounting settlements for maritime mobile service message charges since 1913 and, more recently, for maritime mobile-satellite service messages.

4. On June 10, 1934, the Federal Radio Commission was absorbed by the Federal Communications Commission (FCC), which had been created by the Communications Act of 1934. At that time the international radio accounts were transferred to the jurisdiction of the FCC, where they are now maintained.

5. The subjects of international telecommunications accounting and settlements are addressed in the International Telecommunication Convention (Nairobi, 1982), in the International Telecommunication Regulations (Melbourne, 1988) (ITR), in the ITU Radio Regulations, 1988 and in the ITU-T (formerly CCITT) Recommendations.<sup>1</sup> The ITU-T develops technical, operational and service recommendations applicable to essentially all international telecommunications services via wire and radio. Provisions of Conventions and Regulations have treaty status and are therefore binding on the parties thereto. The ITU-T Recommendations do not have treaty status and are not legally binding. However, as a practical matter, the ITU-T Recommendations are

<sup>1</sup> "CCITT" is the French acronym for the International Telegraph and Telephone Consultative Committee within the International Telecommunication Union (ITU). "CCITT" was, nevertheless, the recognized acronym used in most languages—including English. At the ITU Additional Plenipotentiary Conference (APP) in Geneva (December 1992), the structure, working methods, and construct of the basic ITU treaty instrument was modified. The result is that the names of the sub-entities of the ITU have changed (e.g., the CCITT has become the Telecommunication Standardization Sector—ITU-T and the primary treaty instruments have become the ITU Constitution and the ITU Convention with consequential renumbering of all provisions). We note the changes coming from the APP were placed into provisional effect on March 1, 1993, with the formal entry into force of these changes being July 1, 1994 (as between those ITU Member countries who have ratified or acceded to the new instruments). We will, subsequently, refer to the new nomenclatures within this proceeding wherever practicable.

effectively the standards that govern international telecommunications.

6. The World Administrative Radio Conference (Geneva, 1979) changed the procedures governing accounting practices in the maritime mobile and maritime mobile-satellite services, partly in response to the perceived need to improve the efficiency of the international telecommunication settlements system. The Final Acts of the Conference, ratified by the U.S. Senate on October 27, 1983, revised Chapter IX of the international Radio Regulations by establishing a new Article 66 which set forth the following general principles to govern the international accounting for public correspondence in the maritime mobile and maritime mobile-satellite services:

5086 § 2. Charges for

radiocommunications from ship to shore shall in principle, and subject to national law and practice, be collected from the maritime mobile station licensee;

5087 (a) by the administration that has issued the license; or

5088 (b) by a recognized private operating agency; or

5089 (c) by any other entity or entities designated for this purpose by the administration referred to in No. 5087.

7. The Mobile World Administrative Radio Conference in 1987 passed a resolution (contained in the Regulations as Resolution No. 334) providing that the provisions of Article 66 should merely refer to the International Telecommunication Regulations (ITR), assuming that the World Administrative Telegraph and Telephone Conference (WATTC-88) placed the substance of the Article 66 provisions into the ITR. The WATTC-88 did incorporate these provisions into the ITR, effective July 1, 1990 (ITR, Appendix 2). We assume a future competent Radiocommunication Conference will eventually implement the provisions of Resolution No. 334.<sup>2</sup> In any event, both the current Radio Regulations and the ITR provide that the ITU-T Recommendations are to be taken into account when applying the international regulatory provisions. As it now stands, the implementing recommendations developed by the ITU-T include: (1) Rec. D.90 on

charging, accounting and refunds; (2) Rec. D.195 on settlement of international telecommunication balances of accounts; (3) Rec. E.200 on operational provisions for maritime mobile services; (4) Rec. F.100 on mobile operational provisions; and (5) the newest recommendation adopted, Rec. F.111 on principles of service for mobile systems.

8. The organization within the FCC responsible for the settlement of maritime mobile and maritime mobile-satellite accounts with foreign administrations is the International Telecommunications Settlements (ITS) Section of the Financial Operations Division, Office of the Managing Director. The settlement operation basically consists of examining and processing invoices received from foreign administrations to ensure the validity of the charges and, in turn, billing U.S. ship station licensees for the charges due the foreign country. The accounts generally contain the ship call sign and name, the date the message was transmitted, the number of words or minutes, the cost per word or minute in gold francs or Special Drawing Rights (SDRs) and the amount due shown in either gold francs or SDRs. Collections are then processed and appropriate payments made to the foreign countries or their agents through the U.S. Treasury.

The settlement clearinghouse service was performed by the FCC at no cost to licensees until December 19, 1989 when Public Law 101-239 established a \$2.00 per line item administrative fee applicable to all ITS billings.

9. The FCC, in accordance with international procedures described within this document, has also permitted private entities, called "accounting authorities", to settle accounts between U.S. registered ships and foreign administrations just as ITS does. (See *In The Matter of Accounting and Operating Procedures in the Maritime Mobile Service, FCC 80-741, Mimeo No. 28600 (released December 12, 1980)*.) The accounting authority may settle accounts of foreign licensed vessels in addition to settling U.S. accounts. Vessel operators/licensees choosing to have these private entities settle their accounts are generally also charged a fee under a contractual arrangement. In certain cases, the vessels are owned and/or operated by the same company that is acting as an accounting authority.

10. Accounting authorities have been established or certified by the FCC in accordance with the procedures delineated in the ITU-T Recommendations. Those procedures

allow administrations to establish up to 25 accounting authorities per country. Specifically, accounting authorities are designated by the assignment of an individual Accounting Authority Identification Code (AAIC). This code is used by ships and foreign coast stations to identify where charges for messages transmitted through foreign facilities are to be sent for collection. All accounting authorities approved by the FCC to settle maritime accounts for U.S. licensed vessels are assigned a discrete four-character alpha-numeric code. Accounting authorities operating in the U.S. are assigned codes with a "US" prefix. Currently, only eight codes beginning with the prefix "US" are authorized, including US01 which is used by the Commission's ITS Section in its settlement activities.<sup>3</sup> Foreign-based accounting authorities may also be certified to settle accounts of U.S. licensed vessels. If approved, they use the AAIC originally assigned to them by their country of origin. The Commission has currently certified seven foreign-based accounting authorities<sup>4</sup> to settle accounts for U.S. flag vessels. Although all certifications have technically been interim certifications, fifteen years have elapsed since the original interim assignments.

11. There are currently *no* rules, formal guidance or procedures issued by the Commission for determining who should be certified as an accounting authority. There are *no FCC standards* of conduct for accounting authorities nor any requirement to keep the Commission informed of their activities. There are *no rules to ensure* that the overall United States settlement activity is conducted uniformly. We believe that at least minimal regulations should be in place to assist current and future accounting authorities in adhering to those international procedures as a matter of public interest and in fulfillment of U.S. treaty interests.

12. On November 9, 1993, the Commission adopted a *Notice of Proposed Rulemaking (NPRM)* that invited comment on our proposed rules governing the administration of

<sup>3</sup> Besides the FCC, the accounting authorities assigned a "US" code are: Mackay Communications, Inc.; Radio-Holland Communications, Inc.; SAIT Communications, Inc.; Mobile Marine Radio, Inc.; Exxon Communications Company; Raytheon Service Company and Global Communications, Inc.

<sup>4</sup> The following foreign companies have been approved as accounting authorities: Kelvin Hughes, Ltd. (England); Peninsular Electronics, Ltd. (England); STC International Marine, Ltd. (England); Marconi International Marine Co., Ltd. (England); E.B. Communications, Ltd. (England); International Radio Traffic Services (Ireland) and ANDgate, Ltd. (Gibraltar).

<sup>2</sup> The ITU Voluntary Group of Experts (VGE), charged with simplifying the Radio Regulations has, indeed, made such a recommendation. Once adopted by a competent World Radiocommunication Conference, the VGE recommendation would result in Article 66 simply stating that: "The provisions of the ITR, taking into account ITU-T Recommendations, shall apply [to charging and accounting for Maritime Radiocommunications]."

accounting authorities (2FCC Record, Volume 8, No. 26, December 13–23, 1993). The NPRM proposed rules providing for: (1) a certification process, (2) settlement procedures, (3) compliance procedures, and (4) determining responsibility for proper and timely settlement of accounts.

### III. Issues Analysis

13. The NPRM proposed rules and raised many issues regarding the administration of accounting authorities. Comments and Reply Comments were received from eleven (11) entities and are discussed in the paragraphs below where we review each of the categories and consider the comments. The commenters are listed in Appendix 2 of the *Report and Order*.

#### A. Eligibility

14. The NPRM proposed no U.S. citizenship requirements, but did propose certain restrictions regarding the physical location of settlement facilities for those accounting authorities wishing to be assigned an AAIC with a "US" prefix. The NPRM proposed that prior experience in accounting or settlement activities will be considered but is not a prerequisite to becoming an accounting authority; and, that applicants must (1) be willing and able to accept clients at a reasonable charge; (2) agree to accept accounts in both gold francs and Special Drawing Rights (SDRs) and to use the conversion rate as directed by the International Monetary Fund; and (3) agree to conduct operations in accordance with applicable FCC policies and rules, the International Telecommunication Regulations and other international rules, regulations, agreements, and, where appropriate, ITU-T Recommendations. Finally, the NPRM proposed that all entities intending to settle accounts of U.S. licensed vessels obtain prior Commission authorization to do so.

15. *Comments.* Mackay Communications (Mackay) urged that we prohibit the Commission from "operating as a Recognized Private Operating Agency" so that it can be neutral and enforce compliance of regulations without creating potential conflicts of interest. In reply comments, COMSAT Corporation (COMSAT) stated that the Commission can still be an impartial administrator and questioned Mackay's suggestion that the Commission remove itself from the accounting authority function.

*Response.* The Commission cannot operate as a Recognized Private Operating Agency because (1) we are a Federal government agency and (2) we

do not operate telecommunications installations nor do we provide telecommunications services. However, we believe that Mackay meant "accounting authority" and address this response in that context. The Commission has a dual role in the administration of settlement of accounts for international telecommunications. First, as the administration responsible for settlement of accounts of U.S.-flag vessels, we are establishing rules for non-U.S. governmental accounting authorities. Second, the Commission provides a valuable function in that ship station licensees who do not select an accounting authority, simply "default" to US01, the AAIC of the Commission's International Telecommunications Settlements Section (ITS) which performs the FCC's accounting authority function. We believe that the functions are separate and can be administered without any conflict of interest.

16. *Comments.* Mackay urged the Commission to consider a requirement that the applicant must offer services to all U.S.-flagged vessels—not just vessels owned directly or indirectly by the applicant. EXXON Communications Company (EXXON) stated their objection to any proposal that accounting authorities "be required to serve as common carriers offering service indiscriminately to the public." They pointed out that they serve as an accounting authority for their vessels only, they are not a revenue generating endeavor and, "were the Commission to require EXXON to hold itself out to the general public indiscriminately, it would no longer be in a position to serve as an accounting authority." In reply comments, the American Institute of Merchant Shipping (AIMS) agreed with EXXON's proposal that accounting authorities should not be required to act as a common carrier and COMSAT opposed a ban on accounting authorities who process settlements exclusively for their own vessels. COMSAT further stated that "the Commission may consider imposing conditions on the certifications awarded to these entities, e.g., the Commission may wish to reserve the right to require such accounting authorities to serve all customers or relinquish their AAIC when there are no \* \* \* codes available and there is a demonstrable need for broader-based services."

*Response.* We believe the function of accounting authorities should be such that the public's best interests are served by the organizations. Such is not the case when an accounting authority settles accounts for themselves only. Thus, the rules we have adopted require that accounting authorities settle

accounts for any qualified ship station licensees who request it. Accounting authorities may require credit checks, and clients must accept the terms of settlement charges, deposits, etc. However, it is not the Commission's intent in establishing these rules to place additional requirements on the interim accounting authorities nor to establish a requirement in the application process that could not be overcome. We acknowledge COMSAT's workable suggestions and we are waiving this requirement for accounting authorities who are "grandfathered" with the provision that, should all 25 AAICs be assigned and the need for additional codes become necessary, these same organizations will be required to extend their services to the public or to relinquish their certification. Should these grandfathered accounting authorities cease their settlement activities, the new accounting authorities assigned the AAICs will be required to serve the general public. 47 CFR, Part 3, section 3.10 is amended to add this waiver information.

17. *Comments.* Mobile Marine Radio, Inc. (MMR) requested that the Commission impose requirements that accounting authorities verify the creditability of its clients and "another means of guarantee for the provider could be a requirement that the accounting authority \* \* \* share in a loss should it occur." COMSAT supported the recommendation that accounting authorities be required to verify the credit worthiness of their customers and that accounting authorities should be able to reject customers they determine are credit risks and further suggest a rule to require a deposit from customers before contracting to settle accounts.

*Response.* The rules we are adopting below declare that the ship station licensee is ultimately responsible for the proper and timely payment of their accounts (47 CFR Part 3, section 3.76). However, this in no way relieves the accounting authority from performing their settlement activities timely and accurately. We have purposely left out regulations which would prevent accounting authorities from verifying the credit standings of potential clients or requiring deposits. The contractual agreement between accounting authorities and clients should be entered into mutually without further regulation. Ship station licensees who do not enter into such an arrangement will default to US01, the International Telecommunications Settlement Section at Gettysburg, Pennsylvania.

18. *Comments.* Mackay raised the issue of foreign accounting authorities settling traffic for U.S.-flagged vessels. Mackay does not object, provided U.S.-flagged vessels of foreign accounting authorities are required to pay the same "federal excise taxes" that vessels represented by U.S. accounting authorities are required to pay.

*Response.* This subject is beyond the scope of this proceeding and is not addressed in the *Report and Order*.

19. *Comments.* Mackay urged considering that owners of coast stations or coast earth stations not be allowed as accounting authorities. In reply comments, EXXON stated that Mackay has no rationale for their suggestion and COMSAT opposes any limitation on land earth station operators stating the "operators \* \* \* are more at risk to justify their involvement \* \* \* than many other entities \* \* \*"

*Response.* Our experience has been that we have encountered no problems in the past with accounting authorities who are also owners and/or operators of coast stations that lead us to believe there is a potential problem. Thus, the final rule will not ban coast stations, coast earth stations or any other entity from becoming accounting authorities as long as they meet the eligibility requirements.

20. *Comments.* Radio Holland USA B.V. (Radio Holland) recommended that prior relevant experience be a mandatory requirement. In reply comments, COMSAT stated that prior experience as an accounting authority should not be the sole determining factor for qualification.

*Response.* The Commission, in this final rule, has purposely declined to adopt regulations requiring specific prior relevant experience. We believe the rule at Part 3, section 3.10(c) is clear that related prior experience will be reviewed favorably, however, this experience or lack of experience will not be the sole determinant in granting certification. COMSAT appears to be referring to the "grandfathering" process directed toward the interim accounting authorities. In that case, experience will not be the sole determining factor, either, but will be evaluated along with other requirements.

21. *Comments.* Mackay urges the Commission to consider prohibiting "foreign-based RPOAs" from settling for U.S.-flagged vessels unless their administration has a reciprocal agreement allowing U.S. accounting authorities to operate in their administration. In reply comments, COMSAT agreed with Mackay that the Commission should consider whether foreign administrations permit U.S.

entities to apply for accounting authority identification codes in their country.

*Response.* Based on our past experience where no problems of this nature have occurred, we do not think it is necessary to adopt a policy of reciprocity. At most, only ten of the AAICs will be available to foreign-based organizations. We have not addressed this issue in the rules adopted below, however, should the situation change, the Commission could revisit the issue.

22. *Comments.* MMR commented that, in the case of assignment of a U.S. accounting authority identification code, all settlements should be processed and made from the physical location of the accounting authority from its U.S. address. COMSAT stated there is no "rule section providing the standard of evidence for establishing that an accounting authority will conduct operations in the United States" and recommended the submission of partnership or corporate documents demonstrating where the entity intends to do business. COMSAT further suggested imposing a jurisdictional requirement on foreign-based accounting authorities settling for U.S. vessels requiring the accounting authorities to be subject to the jurisdiction of the U.S. courts.

*Response.* We will assign a "US" AAIC to those accounting authorities who demonstrate they are operating from a physical U.S. location. As the administration responsible, the FCC will be in a better position to monitor operations and perform audits, as applicable. Title 47 CFR, Part 3, section 3.11(a) is revised to state this explicitly. Further, we believe the reporting requirements will assist the Commission in assuring the accounting authority is continuing to settle from a U.S. location. We do not think it is necessary to subject foreign-based accounting authorities to the jurisdiction of the U.S. courts. We have concluded that such a requirement would be complex, unwieldy, and time consuming, far beyond the regulatory structure we are establishing. At this time, it appears that disputes can be satisfactorily resolved without judicial intervention.

#### B. Application Procedures

23. The *NPRM* proposed rules requiring the filing of an original FCC application form in order to be considered as an accounting authority. The *NPRM* requested only basic information identifying the applicant and describing the applicant's objectives and capabilities with respect to the accounting authority function. The *NPRM* stated our intention to request

that any relevant experience of an applicant be detailed, that the applicant's proposed settlement plans be provided and documents demonstrating financial responsibility should provide an adequate basis for determining whether to issue a certification. We intend to process applications on a first-come, first-served basis, however, we proposed to "grandfather" current accounting authorities as long as they are otherwise qualified and follow the procedures established by the final rule (*Report and Order*) to obtain permanent accounting authority authorizations. Existing accounting authorities are not exempt from the new application procedures and would be required to apply for permanent accounting authority certifications within 60 days of the effective date of these rules or risk losing their status as accounting authorities. The *NPRM* established an FCC policy that a minimum of 15 of the available 25 Accounting Authority Identification Codes (AAICs) be reserved for use by accounting authorities conducting settlement operations in the United States. Accounting authorities conducting settlement operations within the United States will be assigned a "US" AAIC prefix if approved. Certified accounting authorities, who maintain their settlement operations outside the U.S., would retain the AAIC originally assigned by the country of origin.

24. The *NPRM* included language in the application and rules which would make clear to applicants the requirement to adhere to applicable FCC policies and rules, the International Telecommunication Regulations (ITR), and other international rules, regulations, agreements, and, where appropriate, ITU-T Recommendations. We invited comment as to the types of documents acceptable for proving financial responsibility as well as the specific criteria for evaluation. The *NPRM* proposed that, although the United States is not a guarantor of payments by its citizens, our proposed rules sought to minimize potential financial risks that might be present if settlement operations are performed by other accounting authorities. Further, the *NPRM* documented the FCC policy that the ship station licensee has final responsibility for settlement should their selected accounting authority be unable or unwilling to make valid payments to foreign entities.

25. The *NPRM* also detailed the procedures the Commission will utilize to obtain public comment on applications received by the Commission. Comments received during

the informal public comment period will be taken into consideration in making a determination as to whether to approve the applicant as an accounting authority. The *NPRM* further states that, if the applicant is found to be qualified, the Commission will inform the applicant, in writing, that the application has been approved.

26. *Comments.* Mackay stated that they encourage the proposed "grandfathering" of interim accounting authorities. EXXON commented that the proposed formal application process is unnecessary for the grandfathering process. COMSAT stated they do not understand how the grandfathered applications will participate in the licensing process, that the grandfathered applications will limit the number of new entrants to ten and the public interests will not be served by limiting the number of new applicants. IDB Mobile Communications, Inc. (IDB) agreed with COMSAT that "all applicants should be considered equally in the applicant process and should be subject to the same criteria for approval." In reply comments, EXXON stated that all applicants do have an equal opportunity to apply and "there is no shortage of available accounting authority identification codes." EXXON further commented it is only fair to allow grandfathered accounting authorities to retain their status and "action to the contrary would prove extremely disruptive to existing accounting procedures." In reply comments, AIMS stated their agreement with EXXON's position, but COMSAT disagreed with commenters who would restrict the certification process by exempting interim accounting authorities from the application filing requirements.

*Response.* The Commission does not intend to hinder the current operations of interim accounting authorities and the final rule has provided for the "grandfathering" of such applicants, provided they meet the eligibility requirements. Applicants will be subject to the same criteria and considered equally. It should be noted that, although only ten accounting authority identification codes will be available provided all interim accounting authorities are approved, this is not a new limitation. Additionally, the interim rules for granting certification did not provide the Commission with the same information requested in this rule, and, since there have been no reporting requirements, the Commission has little information about the settlement activities of the interim accounting authorities. Information provided in response to the *Report and*

*Order* should assist the Commission in its role as administrator of accounting authorities.

27. *Comments.* Mackay urged the Commission to give "existing U.S.-based RPOAs" preference in order of consideration regardless of when the application was received in relation to other applications. In reply comments, COMSAT opposed any ban on foreign-based settlement entities, but proposed that the Commission reserve the right to process U.S.-based accounting authority applications before foreign-based applicants, should the Commission receive more applications than the available number of accounting authority identification codes.

*Response.* The rules we are adopting will not place a ban on foreign-based settlement entities, however, it should be noted that, although the rule states (47 CFR, Part 3, section 3.21(b)) that a minimum of 15 identification codes will be retained for "US" codes, that does not mean we will withhold certification of U.S. entities and await applications from foreign-based entities until a quota of ten is certified. In cases where U.S. applicants apply and no foreign-based applications are on-hand, the U.S. applications could be approved.

28. *Comments.* Mackay commented they want to ensure there is sufficient notification to enable existing accounting authorities to complete the application process. COMSAT stated there is no mention of the triggering date for filing.

*Response.* This final rule establishes the effective date of the rules, which is 30 days following the publication of the *Report and Order* in the Federal Register. Interim accounting authorities will be required to apply for permanent accounting authority certifications within 60 days of the effective date. Others seeking certification may submit their applications at any time following the release date. They cannot usurp those requesting "grandfathering" but they will be considered on a first-come, first-served basis for the remaining codes.

29. *Comments.* Radio Holland recommended the retention of their existing accounting authority identification code for interim accounting authorities approved for a permanent "license." Further, Radio Holland seeks clarification of the term "entity".

*Response.* The Commission believes the implementation of these rules should make little disruption to the manner in which interim accounting authorities are currently conducting business. Title 47 CFR, Part 3, section 3.22 is amended to state that those

interim accounting authorities approved for permanent certification will retain their existing accounting authority identification code.

In addressing the request to define "entity", the following definition is provided: An entity is an individual or a business that is self-contained, separate and independent of other organizations. An entity may exist within or be a part of an overall, widely diversified organization.

30. *Comments.* Radio Holland pointed out their perceived consequences if an application for an accounting authority with interim certification was not approved. They pointed out that communications from/to vessels would cease and a change in code might involve huge costs. Radio Holland stated that certain countries mention the accounting authority identification code on their registrations and that, changes can cost up to \$500 per vessel. Radio Holland proposed, in case of non-approval, the Commission extend the period to include time for resolution of problems including a 6-month period to satisfy requirements. SAIT Communications (SAIT) recommended a procedure for resolution of problems before a final decision. In reply comments, EXXON agreed with SAIT that the rules should provide procedures for appeal. IDB disagreed, in reply comments, with Radio Holland's proposal of additional time to meet the requirements and proposed "the Commission only consider \* \* \* applicants which meet the requirements at the time of application and that the Commission subject every applicant to the same level of scrutiny." In reply comments, COMSAT Corporation agreed with commenters requesting a clarification of the process for evaluating applications and the appeal rights of applicants denied certification. Further, COMSAT proposed a "thirty-day petition to deny process for reviewing \* \* \*."

*Response.* The Commission recognizes the consequences of not approving a permanent certification to an interim accounting authority. However, we anticipate that interim accounting authorities will have no problem completing the application process. Inasmuch as possible, we propose to work through these situations during the comment period to prevent unusual delays. 47 CFR, Part 3, section 3.29 is amended in the *Report and Order* to provide procedures for seeking review when the application for certification is denied. We do emphasize, however, that all comments resulting from the public notice will be

considered in granting/denying certifications.

31. *Comments.* Mackay raised the issue of continued use of an accounting authority identification code if a business is acquired, merged or sold. Radio Holland proposed that codes not be canceled automatically in case of transfer or change of control of an accounting authority. Radio Holland is concerned that the new application of the new controlling entity might not be considered due to the "first come-first served" clause and the limitation of total codes. In reply comments, COMSAT supported commenters who propose a modification of the rule to permit the transfer of accounting authority identification codes pursuant to the sale or transfer of control. EXXON recommended that the Commission develop procedures for the pro-forma transfer of control of accounting authorities.

*Response.* The final rules adopted below will allow the continued use of accounting authority codes in these cases provided the new entity can meet the eligibility qualifications. 47 CFR Part 3, section 3.51 is amended to require the transferee to comply with the same application process including public comment and Commission scrutiny that all applicants do. The rules also require the transferee to certify to the Commission that all accounts are accepted and to provide a list of the accounts. In the case of a merger of accounting authorities, the merged entity will be allowed to decide which AAIC to keep.

32. *Comments.* Mackay stated the Commission should define what constitutes sound financial status and how the status will be monitored in the future. Mackay suggested requiring the applicant to be a business with established accounting procedures and formal audited statements. Radio Holland recommended that a sound financial track record be made a mandatory requirement. Marconi Marine asks if a copy of their statutory accounts would be acceptable as evidence of financial status. COMSAT recommended fairly strict financial requirements and offered several options: (1) requiring a bond, (2) requiring accounting authorities to demonstrate and maintain an asset value of a certain percentage in relation to outstanding debts, (3) requiring accounting authorities to put deposits in escrow, (4) dollar requirements for cash-on-hand amounts, (5) limits on the number of outstanding loans and the amount of risk undertaken, and/or (6) requiring accounting authorities to take deposits from customers under certain

circumstances. COMSAT further recommended the rules be revised to require the initial (and annual) submission of independently "audited financial statements" and cite requirements in the rural cellular radio services (47 CFR 22.917(c)(6)). EXXON commented that a formal financial showing should not be required of accounting authorities with interim authority during the "grandfathering" process and, in reply comments, EXXON disagreed with COMSAT's proposal for stricter financial requirements for accounting authorities. Global Communications (Global) recommended accounting authorities require a deposit from vessels to be placed in an escrow account to assure some company reserve in case of default.

*Response.* The Commission is interested in ensuring that accounting authorities have a sound financial background with a reputation for good business practices. Any comments received following the public notice announcing the application will be carefully considered. However, we believe our objective can be met by requiring formal financial statements from applicants who are business entities and other documents, e.g., tax statements, statements proving assets and liabilities from individuals. These, coupled with any forthcoming comments, will provide adequate information for making a sound decision. Marconi Marine's statutory accounts will probably be adequate to prove financial responsibility. However, 47 CFR, section 3.24 is amended in the final rule to include a requirement to provide additional information to the Commission, as required. As to whether accounting authorities who will be grandfathered should provide financial responsibility evidence, as stated elsewhere, the interim accounting authorities, although not subject to any formal FCC rules in the past, must now prove their eligibility by complying with the application process.

33. *Comments.* Mackay asked what method will be used to obtain public comment and who will evaluate the comments. Mackay is concerned that significant time and money could be spent while responding to unsubstantiated comments or accusations. COMSAT requested that applicants "be subject to petitions to deny filed within 30 days of the public notice identifying the applicant. Radio Holland recommended consideration of consultation with selected U.S. coast stations and foreign administrations involved in international telecommunication settlements in

assessing the qualifications and actual performance of applicants. In reply comments, COMSAT supported Radio Holland's comment "that the Commission consider foreign-based applicant's record in dealing with U.S. service providers."

*Response.* The public notice/comment process is discussed in Part 3, section 3.29 of the final rule. The comments and application will be evaluated by Commission employees designated by the Managing Director and including the Accounting Authority Certification Officer. As to whether consultations with U.S. service providers will be necessary, these organizations will have an opportunity to comment as discussed in the same rule cite.

### C. Settlement Operations

34. The *NPRM* proposed several operational requirements for accounting authorities. Basically, the operational requirements parallel applicable ITR and other international rules, regulations, agreements, and applicable ITU-T Recommendations and require adherence to established international procedures. The *NPRM* proposed that accounting authorities be allowed a full six months following certification as an accounting authority to commence settlement operations. The *NPRM* also proposed a settlement period within which individual settlements must be accomplished, consistent with ITU procedures. This provision requires accounting authorities to make timely payment to foreign administrations and to accept accounts both in gold francs and in Special Drawing Rights (SDRs). The proposed rules are in accord with existing international procedure and FCC policy, as is the requirement to settle accounts taking into consideration ITU-T Recommendation D.90.\* In addition, the *NPRM* proposed rules to establish the requirement that accounting authorities cooperate fully with the Commission concerning maritime settlements issues. Since the United States government is required, upon request, to take all possible steps, within the limits of applicable national law, to ensure settlement of the accounts of the licensee, (Radio Regulations, Geneva 1979, Article 66, Section III Accounting, paragraph 10, number 5097; and, International

\* We note that the latest (ITU-T Study Group 3, December 1994) accepted version of ITU-T Recommendation D.90 provides that bills be paid by the accounting authority without delay and within 3 months of receipt or within 4 months after dispatch, whichever is the shortest period. However, the Revised Rec. D.90 also recognizes that the ITR period of 6 months after dispatch is controlling.

Telecommunication Regulations, Melbourne 1988, Appendix 2—Additional Provisions Relating to Maritime Telecommunications, paragraph 4.2) this requirement is intended to ensure that the Commission is kept aware of potential problems or issues which could affect the national interest or which could have a significant impact on overall settlement operations. The proposed rules also made accounting authorities subject to audit by the Commission or its representative.

35. *Comments.* One commenter, Global, responded both as an accounting authority and a radiotelephone station. Global recommended providing detailed requirements for the day-to-day operation of accounting authorities. They commented that detailed rules would eliminate confusion in identifying accounts, promote the dissemination of mutual information and the timeliness of settlements and produce better records and internal accounting. Global recommended requiring accounting authorities with more than 100 vessels to maintain an "800" number 24 hours a day that coast stations can call for information. They further stated that accounting authorities should acknowledge receipt of invoices, should notify coast stations of rejections within 30 days and clearly identify invoices being paid. When invoices are paid by bank draft, a separate notice should be sent to coast stations detailing the paid invoices.

*Response.* Global's recommendations are good, sound business practices which we hope accounting authorities will consider. However, the final rules do not provide detailed requirements for day-to-day operation because the Commission believes that organizations should not be limited in methodology as long as they achieve timely and accurate settlements.

36. *Comments.* Marconi Marine referred to rules in the *NPRM* stating that payments should be made in U.S. dollars. They stated that most of their payments are made in Sterling.

*Response.* The final rules, Part 3, sections 3.46 and 3.47, provide for payment in other currencies. However, it should be noted that, although payments can be made in currency other than U.S. dollars, the rules require a written agreement between the foreign administration(s) and the accounting authority to be approved by the Commission. This agreement can be a part of the original certification process or it can be presented to the Commission at anytime.

37. *Comments.* COMSAT suggested the consideration of permitting

maritime customers to select direct billing payment methods from their service providers. COMSAT further states that, although Article 66 provides for collection of charges for radiocommunications by RPOAs, that, "in order for RPOAs to settle accounts with foreign administrations on behalf of their customers, the Commission requires that the service provider be certified as an accounting authority."

*Response.* There is no legal bar preventing service providers from engaging in direct billing. (Radio Regulations, Geneva 1979, Article 66, Section II, Accounting Authority, para. 2, numbers 5086-5089; see also ITR, Appendix 2) Neither do we believe the adopted rules contain language that prevent a service provider from entering into contractual agreements with their clients to include direct billing. The issue of requiring RPOAs to become accounting authorities arises when the RPOA settles debtor accounts for their clients.

38. *Comments.* Peninsular Electronics (Peninsular) commented that most ship licensing administrations for which they are an accounting authority require them to confirm acceptance of total accounting responsibilities before they issue the Ship Radio Station license. Their services cover settlement of all communications originated by clients. They stated that the proposed rules only refer to settlement with foreign administrations. Peninsular asks if U.S. settlements are also covered by FCC regulations.

*Response.* These rules apply to settlements of accounts for U.S. flag vessels for messages transmitted via foreign coast and coast earth station facilities *only*. The final rules are amended, at 3.1 to explain "[Accounting authorities] settle accounts due foreign administrations for messages transmitted at sea by or between maritime mobile stations located on board ships subject to U.S. registry and utilizing foreign coast and coast earth station facilities."

39. *Comments.* MMR commented that they were instrumental in establishing the current 4-month settlement time frame, they are a strong advocate for reducing the settlement time frame and they suggest that settlements not handled within the allotted time frame should have interest penalties applied and enforced. COMSAT Corporation urged the Commission to "consider expediting the settlement procedures down to four months, or shorter \* \* \*" In reply comments, IDB recommended a three-month settlement period and referred to the *NPRM* which requires a 6-month settlement period. In reply

comments, COMSAT agreed with MMR that accounting authorities who do not make timely settlements should be assessed an interest penalty by the Commission.

*Response.* The Commission recognizes that many organizations have up-to-date technology and can effect settlements well ahead of the 6-month settlement period. This can be an advantage in soliciting clients; however, it is not our intention to place additional burdens on existing accounting authorities but to provide a structure within which they can continue to function. The final rules do not adopt a requirement that is more stringent than Radio Regulations, Article 66, and ITR, Appendix 2 which require a 6-month settlement period (See note to paragraph 34, above.). As to the issue of interest penalties, we will not impose such a rule; however, the rules in 47 CFR, Part 3 establish a number of sanctions including cancellation of their certification for those accounting authorities who repeatedly fail to settle accounts timely.

40. *Comments.* Mackay commented that the Commission should be more specific regarding the extent, time and scope of proposed audits. Marconi Marine commented that they do not see the necessity for audit since they are regularly audited internally and externally. COMSAT requested clarification of audit authority to describe events that could "trigger the audit process."

*Response.* Routine audits are not a part of this rulemaking, rather, an audit would normally be precipitated only in the event of a disagreement as to amounts of accounts, late payments, etc. The audits will be strictly related to accounting authority activities.

41. *Comments.* Peninsular pointed out that the *NPRM* states that ITU-T recommendations are not legally binding, but it is indicated they must be taken into account together with FCC rules and regulations. Peninsular further commented that it is not clear whether compliance with D.90 is an FCC requirement or if parallel FCC rules exist. Marconi Marine expressed concern about references regarding "abiding by FCC rules" and commented that "this seems somewhat open ended to us, as we do not know what rules we would be agreeing to abide by." Marconi recommended altering the wording of the text to reflect agreement to abide by rules relating to accounting authorities only.

*Response.* The Commission believes that accounting authorities should follow the ITU-T recommendations which are generally considered to



govern international telecommunications, and they should always be considered in technical, operational and service decisions. Any references to FCC rules within this *Report and Order* refer to 47 CFR, Part 3, the new rules being established by this proceeding and related to the oversight and administration of accounting authorities. 47 CFR, Part 3, section 3.43(f) is amended to add the CFR reference.

**42. Comments.** MMR commented there are presently no guidelines whereby accounting authorities can enlist assistance from its administration "when conflicts arise between the provider and the accounting authority." In reply comments, COMSAT endorses MMR's suggestion for enlisting the Commission's assistance in attempting to resolve bad debt \* \* \*

**Response.** The Commission believes that each administration has a responsibility to assist in resolving outstanding issues between accounting authorities and clients or foreign administrations. The Commission proposes to respond through all available methods to resolve issues and are prepared to follow through by enforcing applicable rules (Part 3, 3.52(b), 3.70-3.76).

**43. Comments.** COMSAT commented that the rules should make it clear that the accounting authority is a guarantor of payment.

**Response.** In the rules adopted below, the non-governmental accounting authorities, by virtue of their contractual agreement with their clients and their signed application wherein they agree to perform settlements in accordance with 47 CFR, Part 3, must perform their settlement activities properly or be subjected to a number of sanctions and/or cancellation of their certification.

However, the *Report and Order* does not state that any accounting authority is a guarantor of payment. Rather, at Part 3, section 3.76, the ship station licensee is declared responsible for final payment of its accounts. Because the ship station licensee has the most to lose for non-payment of accounts, the Commission believes care will be given to the selection of an accounting authority.

**44. Comments.** Marconi Marine recommends the rules define more clearly the complaint/inquiry resolution procedures and there should be a clearly defined arbitration procedure.

**Response.** These rules, section 3.52, are purposely presented in general terms because we believe complaints and arguments must be addressed on a case-by-case basis. By leaving these rules "general" in tone, the Commission

will be able to respond to issues without restrictions. We think this approach will be an advantage to applicants and/or accounting authorities. Section 3.52(a) is amended in the final rule to require that a copy of complaint/inquiry resolution procedures be sent, upon request, to the Commission.

#### *D. Reporting Requirements*

**45.** The *NPRM* proposed several new reporting requirements for accounting authorities. These reports should enable the Commission to monitor accounting authority operations to ensure adherence to the adopted rules and to appropriate international settlement procedures. Currently, the Commission submits monthly reports to the ITU in Geneva detailing the inventory of U.S. licensed ship stations operating in international waters. The *NPRM* proposed that accounting authorities provide the Commission with a detailed report of additions, deletions, or modifications to their inventory of serviced vessels each month. The Commission would use this information to maintain the ITU database and to assure efficient settlement operations. The proposed rules also required an end of year inventory of vessels for which the accounting authority is the settlement entity and an annual statistical report which would provide information to the Commission regarding settlement operations.

Comments will be addressed separately for each of the reports, as follows:

#### Annual Statistical Report of Operations

**46. Comments.** Peninsular stated that their settlement operation does not require identifying the actual number of settlements and this information would not be readily available. They asked if the necessity for this information could be reexamined. Marconi Marine commented they would have difficulty providing both the number of line items and payments to individual administrations. MMR asked what purpose the collection of monetary statistics serves.

**Response.** The Commission is delegating a portion of its settlement responsibility to the certified non-governmental accounting authorities. Our oversight responsibilities require that we ensure that settlements for U.S. licensees are being performed properly and timely. The information will assist us in monitoring the volume and aging of accounts. We have reviewed statements from foreign administrations and observe the billings have sufficient detail (a line-by-line listing of individual calls to a specific ship for a

specific service) to comply with this requirement. Therefore, the final rule will require accounting authorities to comply with this reporting requirement.

**47. Comments.** COMSAT recommended modifying the rules to require additional evidence of financial responsibility and recommended quarterly statistical reports filed within one month of the end of each quarter, showing an aging of liabilities. In reply comments, EXXON opposed the proposals to require the annual reports on a quarterly basis. EXXON further commented that if the report is required, it should apply to accounting authorities settling for unaffiliated entities and on an annual basis only. In reply comments, AIMS supported EXXON's proposal that the reporting requirement apply only to accounting authorities settling accounts for unaffiliated entities. In reply comments, COMSAT supported "the adoption of streamlined reporting requirements which provide the Commission and the public with an accurate \* \* \* mechanism for monitoring the aging of accounts and assessing the financial performance of accounting authorities." COMSAT opposed any limitation of the annual statistical report and commented that the report can be used to assess the accounting authority's settlement performance, determine whether the accounting authority is meeting its obligations to customers and service providers \* \* \*

**Response.** The Commission will retain the reporting requirement and believes the usefulness of the information outweighs our desire to minimize the burden of reporting. The *NPRM*, Part 3, 3.60(d) states that the information will provide statistical data for Commission use. Subsequently, we have determined that the data can be useful in determining whether accounting authorities are performing settlements, the volume of settlements and the timeliness of settlements. The report, FCC Form 45 states "provide statistical information to the Commission for overall program monitoring purposes." Lines 2, 3, and 4 referenced by Peninsular address the average number of unprocessed settlements on hand, the number processed to completion more than 180 days after dispatch from foreign administration and the percent of settlements processed to completion more than 180 days after dispatch. This information will be helpful in determining whether settlements are being accomplished timely. Rule section 3.60 (d) is amended to include the additional uses of the report.

## Inventory of Vessels

48. *Comments.* MMR questioned the proposed requirement to report an inventory of vessels. MMR believes this information is available through the Private Radio Bureau's Licensing Division. Global, who is both an accounting authority and a high-seas radiotelephone station, cited the difficulty in using ITU's List of Ship Stations, saying it is published once a year and is often out of date because of delays in reporting changes to ITU.

*Response.* As background, the Commission/ITS has a responsibility to provide a report of accounting authority information to ITU. ITS has experienced the same problems that Global has in identifying the accounting authorities of vessels. This reporting is accomplished in the following manner: The Wireless Telecommunications Bureau maintains a database of ships in the maritime service. That database is used to prepare a report of changes in accounting authority functions to ITU, however, the database can only be updated by ITS when current information becomes available. By requiring accounting authorities to provide the initial inventory of vessels and the end-of-year inventory, the List of Ship Stations Report will provide more accurate, up-to-date information. Additionally, the title of Part 3, section 3.60(a) is changed to "Initial Inventory of Vessels."

## Report of Additions/Modifications/Deletions

49. *Comments.* EXXON stated that they settle only for their own vessels and their inventory remains relatively constant and a monthly report would serve no useful purpose and be unduly burdensome. In reply comments, AIMS agreed with commenters who feel it is unnecessary to require monthly inventories when there is no change. COMSAT agreed with EXXON regarding the modification of inventory reporting so that only commercial accounting authorities are required to submit monthly inventory reports. Global recommended that accounting authorities should publish lists of ships accepted quarterly or monthly.

*Response.* We have considered the requests for a less burdensome requirement. Part 3, section 3.60(b) is revised to require a *semi-annual report*. However, we believe there is merit in requiring a "no-change" report, as applicable. The report will assure a "status-quo" in inventory.

50. *Comments.* Marconi Marine stated that some information reported would be commercially sensitive and should be kept confidential.

*Response.* The rules adopted below do not automatically offer confidentiality because we do not believe that the information requested is commercially sensitive. The application form states that "Information requested by this form will be available to the public." Nonetheless, any entity submitting information to the Commission may submit a request that such information not be made routinely available for public inspection. We will consider requests as discussed in 47 CFR, section 0.459. A new rule section, Part 3, section 3.62, addresses this issue.

## E. Enforcement

51. The *NPRM* set forth the procedures the Commission will use to investigate and to resolve complaints or infractions of the Commission's rules or established international settlement procedures. The proposed rules specified grounds for enforcement sanctions, including forfeiture, and/or cancellation of an accounting authority's certification and also specified that the Commission will afford an accounting authority notice and an opportunity to present its side of any issue involving cancellation of its accounting authority privilege. The proposed rules also provide that any ship station licensee affected by the cancellation of an accounting authority's privilege must find another accounting authority to settle its accounts. The Commission will notify the ship stations, via a Public Notice, of any cancellations, and, inasmuch as possible, list individual shipowners serviced by the cancelled accounting authority as identified from the required reports of vessel inventories. Finally, the proposed rules provided for forfeiture or other sanction action, should a ship operator or licensee not remit full and timely payment to the Commission or to an approved accounting authority when properly billed or in the event that the accounting authority fails in their responsibility to forward payment to the foreign entity. The Commission reserves the right to cooperate with foreign administrations in restricting public correspondence communications to and from vessels for which valid payments have not been received or made as required (Distress and safety communications must be carried without charge.) and to utilize available debt collection procedures to collect amounts owed.

52. *Comments.* Mackay stated that there is no mention of a procedure to be followed or the opportunity for appeal if the Commission denies privilege, Part 3, section 3.28, [and] further, Mackay commented that a procedure and appeal

process should be available under a rule section.

*Response.* Part 3, section 3.29 is amended in the final rule to provide time frames for problems encountered during the application process. Every effort will be made to remedy any problems during the timeframes. As to any format for appeal, we are purposely presenting this rule section in general terms only because we believe these situations would need to be addressed on a case-by-case basis. Part 3, section 3.72(b) is also amended in the final rule to include timeframes for appeal of sanctions and to include the address for filing an appeal.

53. *Comments.* COMSAT urged the Commission to clarify that U.S. approved accounting authorities may be sanctioned by the Commission for failing to perform settlement operations here, or abroad, involving either U.S.-registered or foreign vessels.

*Response.* The rules adopted below address settlement of accounts of U.S. ship station licensees and do not address the settlement of foreign vessels.

## F. Conclusion

54. In this *Report and Order*, we are adopting rules that establish basic qualifications and requirements for individuals or entities who may wish to serve as accounting authorities for the settlement of international radio maritime accounts involving U.S. registered vessels operating in foreign or international waters. These rules also establish requirements to ensure that accounting authorities operate in accordance with established international procedures. There are few changes in this final rule from the related *Notice of Proposed Rulemaking*. All comments and changes are discussed in III, Issues Analysis, paragraphs 13-53.

## IV. Procedural Matters

A. *Ex Parte*

55. This is a non-restricted *Report and Order* rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed as provided in Commission rules. See generally 47 CFR Sections 1.1202, 1.1203, and 1.1206(a).

B. *Final Regulatory Analysis*

56. Pursuant to the Regulatory Flexibility Act of 1980, the Commission's final analysis is as follows:

(a) Purpose of this action: This *Report and Order* sets forth the final rules

concerning the administration of accounting authorities in the maritime mobile and the maritime mobile-satellite services except for distress and safety communications.

(b) Summary of the issues raised by the public comments in response to the Initial Regulatory Flexibility analysis: There were no comments submitted in response to the Initial Regulatory Flexibility Analysis.

(c) Significant alternatives considered: The *Notice of Proposed Rulemaking* (November 9, 1993) in this proceeding presented standards for the approval/cancellation of accounting authority certifications and set forth guidelines for settlement operations, reporting requirements and enforcement. The commenters supported the Commission's intent to provide an effective regulatory framework which permits markets for communications services to function effectively while eliminating unnecessary regulations. There were several requests for more stringent guidelines. Upon review, we determined the public interest would be better served by allowing accounting authorities to perform settlements in an environment that allows them to operate as closely as possible to the manner in which interim accounting authorities have performed in previous years. Because the system has worked relatively trouble-free with no established FCC rules in the past, we intend to minimize any regulations/additional burden on accounting authorities in this Order.

#### V. Ordering Clauses

57. Accordingly, it is ordered that the rules specified below are adopted.

58. It is further ordered that the *rules herein* will be effective immediately upon approval of the information collection requirements by the Office of Management and Budget. The Commission will publish a public notice to notify the public of the effective date.

#### List of Subjects in 47 CFR Part 3

Accounting, Administrative practice and procedure, maritime carriers, Penalties, Reporting and recordkeeping requirements, Telecommunications.

Federal Communications Commission.  
William F. Caton,  
*Acting Secretary.*

#### Rule Changes

Title 47 of the Code of Federal Regulations is amended by adding a new Part 3 as follows:

### PART 3—AUTHORIZATION AND ADMINISTRATION OF ACCOUNTING AUTHORITIES IN MARITIME AND MARITIME MOBILE-SATELLITE RADIO SERVICES

#### General

##### Sec.

- 3.1 Scope, basis, purpose.
- 3.2 Terms and definitions.

#### Eligibility

- 3.10 Basic qualifications.
- 3.11 Location of settlement operation.

#### Application Procedures

- 3.20 Application form.
- 3.21 Order of consideration.
- 3.22 Number of accounting authority identification codes per applicant.
- 3.23 Legal applicant.
- 3.24 Evidence of financial responsibility.
- 3.25 Number of copies.
- 3.26 Where application is to be mailed.
- 3.27 Amended application.
- 3.28 Denial of privilege.
- 3.29 Notifications.

#### Settlement Operations

- 3.40 Operational requirements.
- 3.41 Amount of time allowed before initial settlements.
- 3.42 Location of processing facility.
- 3.43 Applicable rules and regulations.
- 3.44 Time to achieve settlements.
- 3.45 Amount of charges.
- 3.46 Use of gold francs.
- 3.47 Use of SDRs.
- 3.48 Cooperation with the Commission.
- 3.49 Agreement to be audited.
- 3.50 Retention of settlement records.
- 3.51 Cessation of operations.
- 3.52 Complaint/inquiry resolution procedures.
- 3.53 FCC notification of refusal to provide telecommunications service to U.S. registered vessel(s).
- 3.54 Notification of change in address.

#### Reporting Requirements

- 3.60 Reports.
- 3.61 Reporting address.
- 3.62 Request for confidentiality.

#### Enforcement

- 3.70 Investigations.
- 3.71 Warnings.
- 3.72 Grounds for further enforcement action.
- 3.73 Waiting period after cancellation.
- 3.74 Ship stations affected by suspension, cancellation or relinquishment.
- 3.75 Licensee's failure to make timely payment.
- 3.76 Licensee's liability for payment.  
Authority: 47 U.S.C. 154(i), 154(j) and 303(r).

#### General

##### § 3.1 Scope, basis, purpose.

By these rules the Federal Communications Commission (FCC) is delineating its responsibilities in certifying and monitoring accounting authorities in the maritime mobile and

maritime mobile-satellite radio services. These entities settle accounts for public correspondence due to foreign administrations for messages transmitted at sea by or between maritime mobile stations located on board ships subject to U.S. registry and utilizing foreign coast and coast earth station facilities. These rules are intended to ensure that settlements of accounts for U.S. licensed ship radio stations are conducted in accordance with the International Telecommunication Regulations (ITR), taking into account the applicable ITU-T Recommendations.

##### § 3.2 Terms and definitions.

(a) *Accounting Authority.* The Administration of the country that has issued the license for a mobile station or the recognized operating agency or other entity/entities designated by the Administration in accordance with ITR, Appendix 2 and ITU-T Recommendation D.90 to whom maritime accounts in respect of mobile stations licensed by that country may be sent.

(b) *Accounting Authority Certification Officer.* The official designated by the Managing Director, Federal Communications Commission, who is responsible, based on the coordination and review of information related to applicants, for granting certification as an accounting authority in the maritime mobile and maritime mobile-satellite radio services. The Accounting Authority Certification Officer may initiate action to suspend or cancel an accounting authority certification if it is determined to be in the public's best interest.

(c) *Accounting Authority Identification Codes (AAICs).* The discrete identification code of an accounting authority responsible for the settlement of maritime accounts (Annex A to ITU-T Recommendation D.90).

(d) *Administration.* Any governmental department or service responsible for discharging the obligations undertaken in the Convention of the International Telecommunication Union and the Radio Regulations. For purposes of these rules, "Administration" refers to a foreign government or the U.S. Government, and more specifically, to the Federal Communications Commission.

(e) *Authorization.* Approval by the Federal Communications Commission to operate as an accounting authority. Synonymous with "certification".

(f) *CCITT.* The internationally recognized French acronym for the International Telegraph and Telephone Consultative Committee, one of the

former sub-entities of the International Telecommunication Union (ITU). The CCITT (ITU-T)<sup>1</sup> is responsible for developing international telecommunications recommendations relating to standardization of international telecommunications services and facilities, including matters related to international charging and accounting principles and the settlement of international telecommunications accounts.

Such recommendations are, effectively, the detailed implementation provisions for topics addressed in the International Telecommunication Regulations (ITR).

(g) *Certification*. Approval by the FCC to operate as an accounting authority. Synonymous with "authorization".

(h) *Coast Earth Station*. An earth station in the fixed-satellite service or, in some cases, in the maritime mobile-satellite service, located at a specified fixed point on land to provide a feeder link for the maritime mobile-satellite service.

(i) *Coast Station*. A land station in the maritime mobile service.

(j) *Commission*. The Federal Communications Commission. The FCC.

(k) *Gold Franc*. A monetary unit representing the value of a particular nation's currency to a gold par value. One of the monetary units used to effect accounting settlements in the maritime mobile and the maritime mobile-satellite services.

(l) *International Telecommunication Union (ITU)*. One of the United Nations family organizations headquartered in Geneva, Switzerland along with several other United Nations (UN) family organizations. The ITU is the UN agency responsible for all matters related to international telecommunications. The ITU has over 180 Member Countries, including the United States, and provides an international forum for dealing with all aspects of international telecommunications, including radio, telecom services and telecom facilities.

(m) *Linking Coefficient*. The ITU mandated conversion factor used to convert gold francs to Special Drawing Rights (SDRs). Among other things, it is

used to perform accounting settlements in the maritime mobile and the maritime mobile-satellite services.

(n) *Maritime Mobile Service*. A mobile service between coast stations and ship stations, or between ship stations, or between associated on-board communication stations. Survival craft stations and emergency position-indicating radiobeacon stations may also participate in this service.

(o) *Maritime Mobile-Satellite Service*. A mobile-satellite service in which mobile earth stations are located on board ships. Survival craft stations and emergency position-indicating radiobeacon stations may also participate in this radio service.

(p) *Public Correspondence*. Any telecommunication which the offices and stations must, by reason of their being at the disposal of the public, accept for transmission. This usually applies to maritime mobile and maritime mobile-satellite stations.

(q) *Recognized Operating Agencies (ROAs)*.<sup>2</sup> Individuals, companies or corporations, other than governments or agencies, recognized by administrations, which operate telecommunications installations or provide telecommunications services intended for international use or which are capable of causing interference to international telecommunications. ROAs which settle debtor accounts for public correspondence in the maritime mobile and maritime mobile-satellite radio services must be certified as accounting authorities.

(r) *Ship Station*. A mobile station in the maritime mobile service located on board a vessel which is not permanently moored, other than a survival craft station.

(s) *Special Drawing Right (SDR)*. A monetary unit of the International Monetary Fund (IMF) currently based on a market basket of exchange rates for the United States, West Germany, Great Britain, France and Japan but is subject to IMF's definition. One of the monetary units used to effect accounting settlements in the maritime mobile and maritime mobile-satellite services.

(t) *United States*. The continental U.S., Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands or any territory or possession of the United States.

#### Eligibility

#### § 3.10 Basic qualifications.

(a) Applicants must meet the requirements and conditions contained in these rules in order to be certified as

an accounting authority. No individual or other entity, including accounting authorities approved by other administrations, may act as a United States accounting authority and settle accounts of U.S. licensed vessels in the maritime mobile or maritime mobile-satellite services without a certification from the Federal Communications Commission. Accounting authorities with interim certification as of the effective date of this rule must submit to the application process discussed in Section 3.20. They will be "grandfathered", i.e., granted permanent certification provided they demonstrate their eligibility and present a proper application.

(b) U.S. citizenship is not required of individuals in order to receive certification from the Commission to be an accounting authority. Likewise, joint ventures need not be organized under the laws of the United States in order to be eligible to perform settlements for U.S. licensed vessels. See, however, Section 3.11.

(c) Prior experience in maritime accounting, general commercial accounting, international shipping or any other related endeavor will be taken into consideration by the Commission in certifying accounting authorities. The lack of such expertise, however, will not automatically disqualify an individual, partnership, corporation or other entity from becoming an accounting authority.

(d) Applicants must provide formal financial statements or documentation proving all assets, liabilities, income and expenses.

(e) Applicants must be willing to offer their services to the public at a reasonable charge. This requirement will be waived for applicants who settle their own accounts *only* and are eligible to be "grandfathered" during the initial application period. However, should the need for additional accounting authorities be proven, these accounting authorities will be required to offer their services to the public or relinquish their certification.

#### § 3.11 Location of settlement operation.

(a) Within the United States. A certified accounting authority maintaining all settlement operations, as well as associated documentation, within the United States will be assigned an AAIC with a "US" prefix.

(b) Outside the United States. A certified accounting authority maintaining settlement operations outside the United States will be assigned the same AAIC as that originally assigned to such entity by the administration of the country of origin. However, in no case will an entity be

<sup>1</sup> At the ITU Additional Plenipotentiary Conference in Geneva (December, 1992), the structure, working methods and construct of the basic ITU treaty instrument were modified. The result is that the names of the sub-entities of the ITU have changed (e.g., the CCITT has become the Telecommunication Standardization Sector—ITU-T and Recognized Private Operating Agency has become Recognized Operating Agency-ROA). The changes were placed into provisional effect on March 1, 1993 with the formal entry into force of these changes being July 1, 1994. We will refer to the new nomenclatures within these rules, wherever practicable.

<sup>2</sup> Id.

certified as an accounting authority for settlement of U.S. licensed vessel accounts unless the entity is requesting to conduct a settlement operation in the United States or has already been issued an AAIC by another administration.

#### Application Procedures

##### § 3.20 Application form.

Written application must be made to the Federal Communications Commission on FCC Form 44, "Application For Certification As An Accounting Authority" in order to be considered for certification as an accounting authority. No other application form may be used. No consideration will be given to applicants not submitting applications in accordance with these rules or in accordance with any other instructions the Commission may issue. FCC Form 44 may be obtained from the Commission by writing to the address shown in Section 3.61.

##### § 3.21 Order of consideration.

(a) Accounting Authority applications will be processed on a first-come, first-served basis. When applications are received on the same day, the application with the earliest mailing date, as evidenced by the postmark, will be processed first. Interim accounting authorities seeking permanent certifications through the "grandfathering" process will not compete with other applicants during the first 60 days following the effective date of these rules which is allowed for submission of their applications. After the "grandfathering" process is completed, all other applicants will be processed as in paragraph (a) of this section.

(b) At any given time, there will be no more than 25 certified accounting authorities with a minimum of 15 "US" AAICs reserved for use by accounting authorities conducting settlement operations within the United States. The Commission will retain all valid applications received after the maximum number of accounting authorities have been approved and will inform such applicants that should an AAIC become available for reassignment in the future, the Commission will conditionally certify as an accounting authority the oldest of the qualified pending applicants, as determined by the order of receipt. Final certification would be conditional upon filing of an amended application (if necessary). The Commission will inform the applicant of his/her conditional selection in writing to confirm the applicant's continued interest in becoming an accounting authority.

##### § 3.22 Number of accounting authority identification codes per applicant.

(a) No entity will be entitled to or assigned more than one AAIC.  
 (b) AAICs may not be reassigned, sold, bartered or transferred and do not convey upon sale or absorption of a company or firm without the express written approval of the Commission. Only the FCC may certify accounting authorities and assign U.S. AAICs for entities settling accounts of U.S. licensed vessels in the maritime mobile and maritime mobile-satellite services.  
 (c) Accounting authorities who are "grandfathered" during the initial application period may retain their interim AAIC.

##### § 3.23 Legal applicant.

The application shall be signed by the individual, partner or primary officer of a corporation who is legally able to obligate the entity for which he or she is a representative.

##### § 3.24 Evidence of financial responsibility.

All applicants must provide evidence of sound financial status. To the extent that the applicant is a business, formal financial statements will be required. Other applicants may submit documentation proving all assets, liabilities, income and expenses which supports their ability to meet their personal obligations. Applicants must provide any additional information deemed necessary by the Commission.

##### § 3.25 Number of copies.

One original and one copy of FCC Form 44, "Application For Certification As An Accounting Authority" will be required. Only applications mailed to the Commission on official, Commission approved application forms will be considered. Applications should be mailed at least 90 days prior to planned commencement of settlement activities to allow time for the Commission to review the application and to allow for the informal public comment period.

##### § 3.26 Where application is to be mailed.

All applications shall be mailed to the Accounting Authority Certification Officer in Washington, D.C. The designated address will be provided on the FCC Form 44, "Application for Certification As An Accounting Authority".

##### § 3.27 Amended application.

Changes in circumstances that cause information previously supplied to the FCC to be incorrect or incomplete and that could affect the approval process, require the submission of an amended application. The amended application should be mailed to the Commission

immediately following such change. See also Sections 3.24 and 3.51.

##### § 3.28 Denial of privilege.

(a) The Commission, in its sole discretion, may refuse to grant an application to become an accounting authority for any of the following reasons:

- (1) Failure to provide evidence of acceptable financial responsibility;
  - (2) If the applicant, in the opinion of the FCC reviewing official, does not possess the qualifications necessary to the proper functioning of an accounting authority;
  - (3) Application is not personally signed by the proper official(s);
  - (4) Applicant does not provide evidence that accounting operations will take place in the United States or its territories and the applicant does not already possess an AAIC issued by another administration;
  - (5) Application is incomplete, the applicant fails to provide additional information requested by the Commission or the applicant indicates that it cannot meet a particular provision; or
  - (6) When the Commission determines that the grant of an authorization is contrary to the public interest.
- (b) These rules provide sufficient latitude to address defects in applications. Entities seeking review should follow procedures set forth in Sections 1.106 or 1.115 of this chapter.

##### § 3.29 Notifications.

(a) The Commission will publish the name of an applicant in a Public Notice before granting certification and will invite informal public comment on the qualifications of the applicant from any interested parties. Comments received will be taken into consideration by the Commission in making its determination as to whether to approve an applicant as an accounting authority. Thirty days will be allowed for submission of comments.

(b) The Commission will notify each applicant in writing as to whether the applicant has been approved as an accounting authority. If the application is not approved, the Commission will provide a brief statement of the grounds for denial.

(c) The names and addresses of all newly certified accounting authorities will be published in a Public Notice issued by the Commission. Additionally, the Commission will notify the ITU within 30 days of any changes to its approved list of accounting authorities.

## Settlement Operations

### § 3.40 Operational requirements.

All accounting authorities must conduct their operations in conformance with the provisions contained in this section and with relevant rules and guidance issued from time to time by the Commission.

### § 3.41 Amount of time allowed before initial settlements.

An accounting authority must begin settling accounts no later than six months from the date of certification. Failure to commence settlement operations is cause for suspension or cancellation of an accounting authority certification.

### § 3.42 Location of processing facility.

Settlement of maritime mobile and maritime mobile-satellite service accounts must be performed within the United States by all accounting authorities possessing the "US" prefix. Other accounting authorities approved by the Commission may settle accounts either in the U.S. or elsewhere. See also Sections 3.11 and 3.21(b).

### § 3.43 Applicable rules and regulations.

Accounting authority operations must be conducted in accordance with applicable FCC rules and regulations, the International Telecommunication Regulations (ITR), and other international rules, regulations, agreements, and, where appropriate, ITU-T Recommendations. In particular, the following must be adhered to or taken into account in the case of ITU-T.

- (a) The latest basic treaty instrument(s) of the International Telecommunication Union (ITU);
- (b) Binding agreements contained in the Final Acts of World Administrative Radio Conferences and/or World International Telecommunication Conferences;
- (c) ITU Radio Regulations;
- (d) ITU International Telecommunication Regulations (ITR);
- (e) ITU-T Recommendations (particularly D.90 and D.195); and
- (f) FCC Rules and Regulations (47 CFR Part 3).

### § 3.44 Time to achieve settlements.

All maritime telecommunications accounts should be timely paid in accordance with applicable ITU Regulations, Article 66 and International Telecommunication Regulations (Melbourne, 1988). Accounting authorities are deemed to be responsible for remitting, in a timely manner, all valid amounts due to foreign administrations or their agents.

### § 3.45 Amount of charges.

Accounting Authorities may charge any reasonable fee for their settlement services. Settlements themselves, however, must adhere to the standards set forth in these rules and must be in accordance with the International Telecommunication Regulations (ITR) taking into account the applicable ITU-T Recommendations and other guidance issued by the Commission.

### § 3.46 Use of gold francs.

An accounting authority must accept accounts presented to it from foreign administrations in gold francs. These gold francs must be converted on the date of receipt of the bill to the applicable Special Drawing Right (SDR) rate (as published by the International Monetary Fund) on that date utilizing the linking coefficient of 3.061 gold francs = 1 SDR. An equivalent amount in U.S. dollars must be paid to the foreign administration. Upon written concurrence by the FCC, an accounting authority may make separate agreements, in writing, with foreign administrations or their agents for alternative settlement methods, in accordance with ITU-T Recommendation D.195.

### § 3.47 Use of SDRs.

An accounting authority must accept accounts presented to it from foreign administrations in Special Drawing Rights (SDRs). These SDRs must be converted to dollars on the date of receipt by the accounting authority and an equivalent amount in US dollars must be paid to the foreign administration. The conversion rate will be the applicable rate published by the International Monetary Fund (IMF) for the date of receipt of the account from the foreign administration. Upon written concurrence by the FCC, any accounting authority may make separate agreements, in writing, with foreign administrations or their agents for alternative settlement methods, provided account is taken of ITU-T Recommendation D.195.

### § 3.48 Cooperation with the Commission.

Accounting authorities must cooperate fully with the FCC in all respects concerning international maritime settlements issues, including the resolution of questions of fact or other issues arising as a result of settlement operations.

### § 3.49 Agreement to be audited.

Accounting authorities accept their certifications on condition that they are subject to audit of their settlement activities by the Commission or its

representative. Additionally, the Commission reserves the right to verify any statement(s) made or any materials submitted to the Commission under these rules. Verification may involve discussions with ship owners or others as well as the requirement to submit additional information to the Commission. Failure to respond satisfactorily to any audit findings is grounds for forfeiture or suspension or cancellation of authority to act as an accounting authority for U.S. vessels.

### § 3.50 Retention of settlement records.

Accounting authorities must maintain, for the purpose of compliance with these rules, all settlement records for a period of at least seven years following settlement of an account with a foreign administration or agent.

### § 3.51 Cessation of operations.

The FCC must be notified immediately should an accounting authority plan to relinquish its certification or cease to perform settlements as authorized. Additionally, the Commission must be advised in advance of any proposed transfer of control of an accounting authority's firm or organization, by any means, to another entity.

(a) When an accounting authority is transferred, merged or sold, the new entity must apply for certification in its own right if it is interested in becoming an accounting authority. Provided the new applicant is eligible and completes the application process satisfactorily, the AAIC will be transferred to the new applicant. In the case of a merger of two accounting authorities, the merged entity must decide which AAIC to retain.

(b) Section 3.21(a) will be waived for these applicants.

(c) The applicant must comply with application process including public comment.

(d) The applicant must certify acceptance of all accounts and must furnish a list of the accounts to the Commission at the time of application.

### § 3.52 Complaint/inquiry resolution procedures.

(a) Accounting authorities must maintain procedures for resolving complaints and/or inquiries from its contractual customers (vessels for which it performs settlements), the FCC, the ITU, and foreign administrations or their agents. These procedures must be available to the Commission upon request.

(b) If a foreign administration requests assistance in collection of accounts from ships licensed by the FCC, the

appropriate accounting authority will provide all information requested by the Commission in a timely manner to enable the Commission to determine the cause of the complaint and to resolve the issue. If accounts are in dispute, the Commission will determine the amount due the foreign administration, accounting authority or ROA, and may direct the accounting authority to pay the accounts to the foreign administration. If the accounting authority does not pay the disputed accounts within a reasonable timeframe, the Commission may take action to levy a forfeiture, cancel the AAIC privilege and/or to revoke any operating authority or licenses held by that accounting authority. (See also Section 3.72).

**§ 3.53 FCC notification of refusal to provide telecommunications service to U.S. registered vessel(s).**

An accounting authority must inform the FCC immediately should it receive notice from any source that a foreign administration or facility is refusing or plans to refuse legitimate public correspondence to or from any U.S. registered vessel.

**§ 3.54 Notification of change in address.**

The Commission must be notified in writing within 15 days of any change in address of an accounting authority. Such written notification should be sent to the address shown in Section 3.61.

**Reporting Requirements**

**§ 3.60 Reports.**

(a) Initial Inventory of Vessels. Within 60 days after receiving final approval from the FCC to be an accounting authority, each certified accounting authority must provide to the FCC an initial list of vessels for which it is performing settlements. This list should contain only U.S. registered vessels. Such list shall be typewritten or computer generated, be annotated to indicate it is the initial inventory and be in the general format of the following and provide the information shown:

<i>Vessel Name</i>	<i>Call Sign</i>
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(b) Semi-Annual Additions/Modifications/Deletions to Vessel Inventory. Beginning with the period ending on the last day of March or September following submission of an accounting authority's Initial Inventory of Vessels (See paragraph (a) of this section.) and each semi-annual period thereafter, each accounting authority is required to submit to the FCC a report on additions, modifications or deletions to its list of vessels for which it is

performing or intending to perform settlements, whether or not settlements actually have taken place. The list should contain only U.S. registered vessels. The report shall be typewritten or computer generated and be in the following general format:

**ADDITIONS TO CURRENT VESSEL INVENTORY**

<i>Vessel Name</i>	<i>Call Sign</i>	<i>Effective Date</i>
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**MODIFICATIONS TO CURRENT VESSEL INVENTORY**

<i>Pre-previous Vessel Name</i>	<i>Pre-previous Call Sign</i>	<i>New Vessel Name</i>	<i>New Call Sign</i>	<i>Effective Date</i>
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**DELETIONS TO CURRENT VESSEL INVENTORY**

<i>Vessel Name</i>	<i>Call Sign</i>	<i>Effective Date</i>
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The preceding report must be received by the Commission no later than 15 days following the end of the period (March or September) for which the report pertains. Modifications refer to changes to call sign or ship name of vessels for which the accounting authority settles accounts and for which basic information has previously been provided to the Commission. Reports are to be submitted even if there have been no additions, modifications or deletions to vessel inventories since the previous report. If there are no changes to an inventory, this should be indicated on the report.

(c) End of Year Inventory. By February 1st of each year, each accounting authority must submit an end-of-year inventory report listing vessels for which the accounting authority performed settlements as of the previous December 31st. The list should contain only U.S. registered vessels. The report must be typewritten or computer generated and prepared in the same general format as that shown in paragraph (a) of this section except it should be annotated to indicate it is the End of Year inventory.

(d) Annual Statistical Report of Settlement Operations. By February 1st of each year, each accounting authority settling accounts for U.S. registered vessels must submit to the FCC an Annual Statistical Report, FCC Form 45, which details the number and dollar

amount of settlements, by foreign administration, during the preceding twelve months. Information contained in this report provides statistical data that will enable the Commission to monitor operations to ensure adherence to these rules and to appropriate international settlement procedures. FCC Form 45 can be obtained by writing to the address in 3.61 of these rules.

**§ 3.61 Reporting address.**

All reports must be received at the following address no later than the required reporting date:

Accounting Authority Certification Officer,  
Financial Operations Division, Stop  
1110A, Federal Communications  
Commission, 1919 M Street NW.,  
Washington, D.C. 20554

**§ 3.62 Request for confidentiality.**

Applicants should comply with Section 0.459 of this chapter when requesting confidentiality and cannot assume that it will be offered automatically.

**Enforcement**

**§ 3.70 Investigations.**

The Commission may investigate any complaints made against accounting authorities to ensure compliance with the Commission's rules and with applicable ITU Regulations and other international maritime accounting procedures.

**§ 3.71 Warnings.**

The Commission may issue written warnings or forfeitures to accounting authorities which are found not to be operating in accordance with established rules and regulations. Warnings will generally be issued for violations which do not seriously or immediately affect settlement functions or international relations. Continued or unresolved violations may lead to further enforcement action by the Commission, including any or all legally available sanctions, including but not limited to, forfeitures (Communications Act of 1934, Sec. 503), suspension or cancellation of the accounting authority certification.

**§ 3.72 Grounds for further enforcement action.**

(a) The Commission may take further enforcement action, including forfeiture, suspension or cancellation of an accounting authority certification, if it is determined that the public interest so requires. Reasons for which such action may be taken include, inter alia:

(1) Failure to initiate settlements within six months of certification or failure to perform settlements during any subsequent six month period;

- (2) Illegal activity or fraud;
- (3) Non-payment or late payment to a foreign administration or agent;
- (4) Failure to follow ITR requirements and procedures;
- (5) Failure to take into account ITU-T Recommendations;
- (6) Failure to follow FCC rules and regulations;
- (7) Bankruptcy; or
- (8) Providing false or incomplete information to the Commission or failure to comply with or respond to requests for information.

(b) Prior to taking any of the enforcement actions in paragraph (a) of this section, the Commission will give notice of its intent to take the specified action and the grounds therefor, and afford a 30-day period for a response in writing; provided that, where the public interest so requires, the Commission may temporarily suspend a certification pending completion of these procedures. Responses must be forwarded to the Accounting Authority Certification Officer. See Section 3.61.

### § 3.73 Waiting period after cancellation.

An accounting authority whose certification has been cancelled must wait a minimum of three years before reapplying to be an accounting authority.

### § 3.74 Ship stations affected by suspension, cancellation or relinquishment.

(a) Whenever the accounting authority privilege has been suspended, cancelled or relinquished, the accounting authority is responsible for immediately notifying all U.S. ship licensees for which it was performing settlements of the circumstances and informing them of the requirement contained in paragraph (b) of this section.

(b) Those ship stations utilizing an accounting authority's AAIC for which the subject accounting authority certification has been suspended, cancelled or relinquished, should make contractual arrangements with another properly authorized accounting authority to settle its accounts.

(c) The Commission will notify the ITU of all accounting authority suspensions, cancellations and relinquishments, and

(d) The Commission will publish a Public Notice detailing all accounting authority suspensions, cancellations and relinquishments.

### § 3.75 Licensee's failure to make timely payment.

Failure to remit proper and timely payment to the Commission or to an accounting authority may result in one or more of the following actions against the licensee:

- (a) Forfeiture or other authorized sanction.
- (b) The refusal by foreign countries to accept or refer public correspondence communications to or from the vessel or vessels owned, operated or licensed by the person or entity failing to make payment. This action may be taken at the request of the Commission or independently by the foreign country or coast station involved.
- (c) Further action to recover amounts owed utilizing any or all legally available debt collection procedures.

### § 3.76 Licensee's liability for payment.

The U.S. ship station licensee bears ultimate responsibility for final payment of its accounts. This responsibility cannot be superseded by the contractual agreement between the ship station licensee and the accounting authority. In the event that an accounting authority does not remit proper and timely payments on behalf of the ship station licensee:

(a) The ship station licensee will make arrangements for another accounting authority to perform future settlements, and

(b) The ship station licensee will settle any outstanding accounts due to foreign entities.

(c) The Commission will, upon request, take all possible steps, within the limits of applicable national law, to ensure settlement of the accounts of the ship station licensee. As circumstances warrant, this may include issuing warnings to ship station licensees when it becomes apparent that an accounting authority is failing to settle accounts. See also Sections 3.70 through 3.74.

[FR Doc. 96-10974 Filed 5-03-96; 8:45 am]  
BILLING CODE 6712-01-P

## DEPARTMENT OF TRANSPORTATION

### National Highway Traffic Safety Administration

#### 49 CFR Part 571

[Docket No. 95-42; Notice 2]

RIN 2127-AF67

### Federal Motor Vehicle Safety Standards; Seat Belt Assemblies; Child Restraint Systems

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Final rule.

SUMMARY: This document rescinds the colorfastness requirements for seat belt assemblies. The purpose of those requirements is to ensure that motorists

are not discouraged from using safety belts out of a concern that the belts will transfer their coloring to the motorists' clothing. NHTSA concludes that manufacturer concerns about public acceptance are sufficient by themselves to ensure that manufacturers will continue to make their belts colorfast. Therefore, retention of the requirements is not necessary.

**DATES: Effective Date:** The amendments made in this rule are effective June 20, 1996.

**Applicability Date:** Seat belt assemblies manufactured after June 20, 1996 are not required to meet the colorfastness requirements.

**Petition Date:** Any petitions for reconsideration must be received by NHTSA no later than June 20, 1996.

**ADDRESSES:** Any petitions for reconsideration should refer to the docket and notice number of this notice and be submitted to: Administrator, National Highway Traffic Safety Administration, 400 Seventh Street, SW., Washington, DC 20590.

**FOR FURTHER INFORMATION CONTACT:** The following persons at the National Highway Traffic Safety Administration, 400 Seventh Street, SW, Washington, DC 20590:

**For non-legal issues:** Clarke Harper, Office of Vehicle Safety Standards, NPS-12, telephone (202) 366-4916, facsimile (202) 366-4329, electronic mail "charper@nhtsa.dot.gov".

**For legal issues:** Mary Versailles, Office of the Chief Counsel, NCC-20, telephone (202) 366-2992, facsimile (202) 366-3820, electronic mail "mversailles@nhtsa.dot.gov".

**SUPPLEMENTARY INFORMATION:** Pursuant to the March 4, 1995 directive, "Regulatory Reinvention Initiative," from the President to the heads of departments and agencies, NHTSA undertook a review of all its regulations and directives. During the course of that review, the agency identified several requirements and regulations as being potential candidates for rescission. On June 19, 1995, the agency published an NPRM proposing the rescission of several of those candidate requirements, including the colorfastness requirements in Standard No. 209, "Seat Belt Assemblies" (60 FR 31946).

In the NPRM, NHTSA noted that it had included the colorfastness requirements in Standard No. 209 out of concern that occupants would be less likely to wear their seat belt if a lack of colorfastness of the webbing damaged their clothing. Paragraphs S4.2 (g) and (h) of the Standard require seat belt webbing to resist transferring color to a wet or dry crock cloth and to resist