systems and have remote facilitates to limit the impact of disruptive events.

Applicable Laws, Regulations, and Policies

12. A regulated entity should comply with all applicable laws, regulations, and supervisory guidance (*e.g.,* advisory bulletins) governing the management of risk.

Standard 9—Management of Credit and Counterparty Risk

Responsibilities of the Board of Directors and Senior Management

1. Regarding the management of credit and counterparty risk, the board of directors and senior management are responsible for ensuring that the regulated entity has appropriate policies, procedures, and systems that cover all aspects of credit administration, including credit pricing, underwriting, credit limits, collateral standards, and collateral valuation procedures. This should also include derivatives and the use of clearing houses. They are also responsible for ensuring personnel are appropriately trained, competent, and equipped with the necessary tools, procedures and systems to assess risk.

2. Senior management should provide the board of directors with regular briefings and reports on credit exposures.

Policies, Procedures, Controls, and Systems

3. A regulated entity should have policies that limit concentrations of credit risk and systems to identify concentrations of credit risk.

4. A regulated entity should establish prudential limits to restrict exposures to a single counterparty that are appropriate to its business model.

5. A regulated entity should establish prudential limits to restrict exposures to groups of related counterparties that are appropriate to its business model.

6. A regulated entity should have policies, procedures, and systems for evaluating credit risk that will enable it to make informed credit decisions.

7. A regulated entity should have policies, procedures, and systems for evaluating credit risk that will enable it to ensure that claims are legally enforceable.

8. A regulated entity should have policies and procedures for addressing problem credits.

9. A regulated entity should have an ongoing credit review program that includes stress testing and scenario analysis.

Applicable Laws, Regulations, and Policies

10. A regulated entity should manage credit and counterparty risk in a way that complies with applicable laws, regulations, and supervisory guidance (*e.g.,* advisory bulletins).

Standard 10—Maintenance of Adequate Records

1. A regulated entity should maintain financial records in compliance with Generally Accepted Accounting Principles (GAAP), FHFA guidelines, and applicable laws and regulations.

2. A regulated entity should ensure that assets are safeguarded and financial and operational information is timely and reliable.

3. A regulated entity should have a records retention program consistent with laws and corporate policies, including accounting policies, as well as personnel that are appropriately trained and competent to oversee and implement the records management plan.

4. A regulated entity, with oversight from the board of directors, should conduct a review and approval of the records retention program and records retention schedule for all types of records at least once every two years.

5. A regulated entity should ensure that reporting errors are detected and corrected in a timely manner.

6. A regulated entity should comply with all applicable laws, regulations, and supervisory guidance (*e.g.,* advisory bulletins) governing the maintenance of adequate records.

Dated: May 31, 2012.

Edward J. DeMarco,

Acting Director, Federal Housing Finance Agency.

[FR Doc. 2012–13997 Filed 6–7–12; 8:45 am]

BILLING CODE 8070–01–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

DEPARTMENT OF THE TREASURY

19 CFR Parts 111 and 163

[CBP Dec. 12–12; USCBP–2009–0019]

RIN 1515–AD66 (Formerly RIN 1505–AC12)

Customs Broker Recordkeeping Requirements Regarding Location and Method of Record Retention

AGENCIES: U.S. Customs and Border Protection, Department of Homeland Security; Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document adopts as a final rule, with an additional technical correction, proposed amendments to the Customs and Border Protection (CBP) regulations regarding customs broker recordkeeping requirements as they pertain to the location and method of record retention. The amendments permit a licensed customs broker, under prescribed conditions, to store records relating to his or her customs transactions at any location within the customs territory of the United States. The amendments also remove the requirement, as it currently applies to brokers who maintain separate electronic records, that certain entry records must be retained in their original format for the 120-day period after the release or conditional release of imported merchandise. These changes maximize the use of available technologies and serve to conform CBP's recordkeeping requirements to reflect modern business practices without compromising the agency's ability to monitor and enforce recordkeeping compliance.

DATES: Effective July 9, 2012.

FOR FURTHER INFORMATION CONTACT: Anita Harris, Broker Compliance Branch, Trade Policy and Programs, Office of International Trade, Customs and Border Protection, 202–863–6069.

SUPPLEMENTARY INFORMATION:

Background

On March 23, 2010, U.S. Customs and Border Protection (CBP) published in the **Federal Register** (75 FR 13699) a proposal to amend title 19 of the Code of Federal Regulations (19 CFR) regarding customs broker recordkeeping requirements as they pertain to the location and method of record retention. In that document, CBP proposed amendments to the CBP regulations to permit a licensed customs broker to store records relating to his or her customs transactions at any location within the customs territory of the United States, so long as the broker's designated recordkeeping contact, identified in the broker's permit application, makes all records available to CBP within a reasonable period of time from request at the broker district that covers the CBP port to which the records relate. The document also proposed to remove the requirement, as it applied to brokers who maintain separate electronic records, that certain entry records must be retained in their original format for the 120-day period after the release or conditional release of imported merchandise.

CBP solicited comments on the proposed rulemaking.

Discussion of Comments

Eleven commenters responded to the solicitation of public comment in the proposed rule. Eight commenters expressed support for the proposed rulemaking, noting in particular that the proposed amendments serve to maximize the use of available technologies, increase efficiency and reduce the cost of storing records. Several of these eight commenters included additional suggestions.

A description of the comments received, together with CBP's analyses, is set forth below.

Comment: One commenter requested that CBP issue guidance to the ports as to what constitutes a ''reasonable time

period'' within which a broker must produce requested documentation. The commenter also suggested that CBP allow brokers to submit requested entry documents to any port in an electronic format.

CBP Response: In an effort to maintain uniform standards at its ports, CBP is amending 19 CFR 111.23(a) in this final rule by replacing the term ''reasonable time period'' with ''30 calendar days, or such longer time as specified by CBP.'' Regarding the submission of requested entry-related documentation in an electronic format, CBP intends, through the Automated Commercial Environment (ACE) and related technology, to allow for the submission of entry-related documentation through electronic imaging.

Comment: One commenter inquired whether the ability to reproduce entry data that is generated by an application-based software program, as opposed to data stored in an electronic Portable Document Format (PDF) or Tagged Image File (TIF) format, satisfies CBP's electronic recordkeeping requirements.

CBP Response: Yes, but unless otherwise excepted, documents must be maintained in their original format for 120 days.

Comment: One commenter inquired whether a broker's electronic (imaged file) documentation can be maintained on a server physically located outside the customs territory of the United States.

CBP Response: For purposes of complying with CBP's broker recordkeeping requirements, a broker's electronic documentation must be maintained on a server physically located within the customs territory of the United States wherein CBP has jurisdiction to issue a summons under 19 U.S.C. 1509(a)(2).

Comment: Two commenters recommended that CBP further amend 19 CFR 163.5(b)(2)(iii) by removing the requirement for express consignment brokers who are also serving as importers of record to maintain records in their original format for 120 days following the end of release or conditional release. The commenters stated that many brokers are the importer of record for numerous shipments and the 120-day recordkeeping requirement is burdensome. Additionally, removing this requirement would allow these brokers to manage their recordkeeping responsibilities in a systemic manner which parallels their day-to-day business practices.

CBP Response: CBP will not remove the requirement for brokers who are also serving as importers of record to maintain records in their original format for the prescribed 120-day period. The intent of the proposed amendments is to eliminate duplicative record retention requirements, and not to alter the importer of record's ultimate responsibility.

Comment: Two commenters noted that most large customs brokers operate nationally (in 42 districts) and are not limited to the specific district in which they are physically located. Unless a broker is able to obtain a waiver from CBP, he or she is faced with the burden of procuring 42 permit qualifiers. The commenters also stated that the recent promulgation of the Remote Location Filing regulations is indicative of the fact that modern business practices allow a customs broker to operate nationally regardless of their actual locations. In light of the above, the commenters suggested that CBP should revise the current regulations that require an individual licensed broker to be designated as a permit qualifier in each customs district. The commenters are of the view that having one national permit without local district permit qualifiers will have no impact on broker responsibilities or liability, as CBP can easily obtain required information and records without the need to have a person available to contact locally in each district.

CBP Response: The recommendation to revise the current regulations that require an individual licensed broker to be designated as a permit qualifier in each district is beyond the scope of this proposed rulemaking. CBP is, however, engaged in a comprehensive review of the role of brokers, and will consider the proposal in that context.

Comment: One commenter noted that there does not appear to be any reason to distinguish ''packing lists'' from the other types of records associated with an import transaction and, therefore, CBP should remove the existing exception in 19 CFR 163.5(b)(2)(iii) which excludes ''packing lists'' from the types of records that a broker must maintain for the requisite 120-day period. The commenter recommended that the final rule provide that the obligation for maintaining original records, including packing lists, rests with the importer of record in accordance with 19 U.S.C. 1509. At a minimum, the commenter suggested that the final rule clarify that the obligation to maintain packing lists in original form does not extend to brokers.

CBP Response: CBP notes that § 163.4(b)(2) requires, in pertinent part, that packing lists must be retained for a shorter 60-day, rather than a 120-day, period. It is further noted that the intent of the proposed rulemaking is not to alter the scope of a broker's recordkeeping requirements; therefore, the obligation to maintain packing lists will continue to apply.

Comment: One commenter suggested the following technical amendments to the final rule:

- The word ''broker'' should be removed from 19 CFR 111.23(a) in that there is no such thing as a ''broker district.''
- Section 163.5(b)(3) has been modified to provide that changes to alternative storage procedures must be approved by Regulatory Audit in Charlotte, North Carolina. However, §§ 111.23(b)(2), 163.5(b)(1), 163.12(b)(2) and 163.12(c)(1) still require that approval be sought from Regulatory Audit in Miami. These locations should be harmonized.
- Several references to ''Customs'' throughout the cited sections should be changed to ''CBP.''

CBP Response: CBP does not agree that the word ''broker'' should be deleted from 19 CFR 111.23(a). CBP still recognizes broker districts in the administration of broker permits even though districts and regions were eliminated in the agency reorganization of 1995.

The regulatory provisions cited by the commenter, in fact, currently reflect the Regulatory Audit office located in Charlotte, N.C., and do not need to be amended. *See* CBP Dec. 07–82 of October 19, 2007 (72 FR 59174).

When CBP proposes to amend a regulatory provision, it endeavors to change all outdated references in the section to ''Customs'' and replace it with either ''CBP'' or ''customs,'' as appropriate. The proposed rulemaking omitted one such reference in § 163.5(b)(2)(i), and this document corrects such omission.

Conclusion

After analysis of the comments and further review of the matter, CBP has determined to adopt as final, with the technical change noted above in § 163.5(b)(2)(i), and a clarification, the proposed rule published in the **Federal Register** (75 FR 13699) on March 23, 2010. The change to 19 CFR 111.23(a) clarifies that ''the reasonable time period'' within which a designated recordkeeping contact must make all records available to CBP is ''30 calendar days, or such longer time as specified by CBP.''

The Regulatory Flexibility Act and Executive Order 12866

Because these amendments liberalize broker recordkeeping requirements and

place no new regulatory requirements on small entities to change their business practices, pursuant to the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* it is certified that the amendments will not have a significant economic impact on a substantial number of small entities. Further, these amendments do not meet the criteria for a ''significant regulatory action'' as specified in E.O. 12866.

Paperwork Reduction Act

The information collections contained in this rule have been previously submitted and approved by the Office of Management and Budget (OMB) and assigned OMB control numbers 1651–0076 and 1651–0034. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Signing Authority

This document is being issued in accordance with 19 CFR 0.1(a)(1) of the CBP regulations (19 CFR 0.1(a)(1)) pertaining to the authority of the Secretary of the Treasury (or his or her delegate) to approve regulations related to certain customs revenue functions.

List of Subjects

19 CFR Part 111

Administrative practice and procedure, Brokers, Customs duties and inspection, Licensing, Penalties, Reporting and recordkeeping requirements.

19 CFR Part 163

Administrative practice and procedure, Customs duties and inspection, Penalties, Reporting and recordkeeping requirements.

Amendments to the Regulations

For the reasons stated in the preamble, parts 111 and 163 of title 19 of the CFR (19 CFR parts 111 and 163) are amended as set forth below.

PART 111—CUSTOMS BROKERS

■ 1. The authority citation for part 111 continues to read in part as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 3(i), Harmonized Tariff Schedule of the United States), 1624, 1641.

* * * * *

■ 2. Section 111.23 is revised to read as follows:

§ 111.23 Retention of records.

(a) *Place of retention.* A licensed customs broker may retain records relating to its customs transactions at any location within the customs territory of the United States in accordance with the provisions of this part and part 163 of this chapter. Upon request by CBP to examine records, the designated recordkeeping contact identified in the broker's applicable permit application, in accordance with § 111.19(b)(6) of this chapter, must make all records available to CBP within 30 calendar days, or such longer time as specified by CBP, at the broker district that covers the CBP port to which the records relate.

(b) *Period of retention.* The records described in this section, other than powers of attorney, must be retained for at least 5 years after the date of entry. Powers of attorney must be retained until revoked, and revoked powers of attorney and letters of revocation must be retained for 5 years after the date of revocation or for 5 years after the date the client ceases to be an ''active client'' as defined in § 111.29(b)(2)(ii), whichever period is later. When merchandise is withdrawn from a bonded warehouse, records relating to the withdrawal must be retained for 5 years from the date of withdrawal of the last merchandise withdrawn under the entry.

PART 163—RECORDKEEPING

■ 3. The authority citation for part 163 continues to read in part as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1484, 1508, 1509, 1510, 1624.

■ 4. In § 163.5:

■ a. Paragraph (a) is amended in the first sentence by removing the word ''shall'' and adding in its place the word ''must'', and in the second sentence by removing the word ''Customs'' and adding in its place the term ''CBP'';

■ b. Paragraph (b)(2) introductory text is amended in the second sentence by removing the word ''Customs'' and adding in its place the term ''CBP'';

■ c. Paragraph (b)(2)(i) is amended by removing the word ''Customs'' and adding in its place the term ''CBP'';

■ d. Paragraph (b)(2)(iii) is revised;

■ e. Paragraph (b)(2)(v) is amended by removing the word ''Customs'' and adding in its place the term ''CBP'';

■ f. Paragraph (b)(2)(vi) is amended by removing the word ''shall'' and adding in its place the word ''must'';

■ g. Paragraph (b)(3) is amended by removing the words ''the Miami regulatory audit field office'' and adding in their place the language, ''Regulatory Audit, Office of International Trade, Customs and Border Protection, 2001 Cross Beam Drive, Charlotte, North Carolina 28217'';

■ h. Paragraph (b)(4) is amended by removing the words ''shall be'' and adding in their place the word ''are''; and

■ i. Paragraph (b)(5) is revised.

The revisions read as follows:

§ 163.5 Methods for storage of records.

* * * * *

(b) * * *

(2) * * *

(iii) Except in the case of packing lists (*see* § 163.4(b)(2)), entry records must be maintained by the importer in their original formats for a period of 120 calendar days from the end of the release or conditional release period, whichever is later, or, if a demand for return to CBP custody has been issued, for a period of 120 calendar days either from the date the goods are redelivered or from the date specified in the demand as the latest redelivery date if redelivery has not taken place. Customs brokers who are not serving as the importer of record and who maintain separate electronic records are exempted from this requirement. This exemption does not apply to any document that is required by law to be maintained as a paper record.

* * * * *

(5) *Failure to comply with alternative storage requirements.* If a person listed in § 163.2 uses an alternative storage method for records that is not in compliance with the conditions and requirements of this section, CBP may issue a written notice informing the person of the facts giving rise to the notice and directing that the alternative storage method must be discontinued in 30 calendar days unless the person provides written notice to the issuing CBP office within that time period that explains, to CBP's satisfaction, how compliance has been achieved. Failure to timely respond to CBP will result in CBP requiring discontinuance of the alternative storage method until a written statement explaining how compliance has been achieved has been received and accepted by CBP.

§ 163.12 [Amended]

■ 5. In § 163.12:

■ a. Paragraph (a) is amended by removing the word ''Customs'' wherever it appears and adding in its place the term ''CBP'';

■ b. Paragraph (b)(2) is amended: by removing the word ''shall'' wherever it appears and adding in its place the word ''must'', and; in the second sentence, by removing the words ''Customs Recordkeeping'' and adding in their place the words ''CBP Recordkeeping'' and removing the language ''the Customs Electronic Bulletin Board (703–921–6155)'' and adding in its place the language, ''CBP's

Regulatory Audit Web site located at *http://www.cbp.gov/xp/cgov/import/regulatory_audit_program/archive/compliance_assessment/'';*

■ c. Paragraph (b)(3) introductory text is amended: In the first, third and fourth sentences, by removing the word ''Customs'' wherever it appears and adding in its place the term ''CBP'', and; in the second sentence, by removing the word ''Customs'' and adding in its place the words ''all applicable'';

■ d. Paragraphs (b)(3)(iii), (iv), (v), and (vi) are amended by removing the word ''Customs'' wherever it appears and adding in its place the term ''CBP'';

■ e. Paragraph (c)(1) is amended by removing the word ''shall'' wherever it appears and adding in its place the word ''will'';

■ f. Paragraph (c)(2) is amended: By removing the word ''Customs'' and adding in its place the term ''CBP''; by removing the word ''Miami'' and adding in its place the word ''Charlotte'', and; by removing the word ''shall'' and adding in its place the word ''will'';

■ g. Paragraph (d)(1) is amended: In the first sentence, by removing the words ''Customs shall'' and adding in their place the words ''CBP will'', and; in the second sentence, by removing the word ''Customs'' and adding in its place the word ''CBP'';

■ h. The introductory text to paragraph (d)(2) is amended by removing the word ''shall'' and adding in its place the word ''must''; and

■ i. Paragraph (d)(3) is amended: By removing the word ''shall'' and adding in its place the word ''must''; and, by removing the word ''Customs'' and adding in its place the term ''CBP''.

David V. Aguilar,

Acting Commissioner, U.S. Customs and Border Protection.

Approved: June 4, 2012.

Timothy E. Skud,

Deputy Assistant Secretary of the Treasury.

[FR Doc. 2012–13907 Filed 6–7–12; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2012–0066]

RIN 1625–AA08

Special Local Regulations; OPSAIL 2012 Connecticut, Niantic Bay, Long Island Sound, Thames River and New London Harbor, New London, CT

AGENCY: Coast Guard, DHS.

ACTION: Final rule.

SUMMARY: The Coast Guard is establishing temporary special local regulations on the navigable waters of Niantic Bay, Long Island Sound, the Thames River and New London Harbor, New London, Connecticut for OPSAIL 2012 Connecticut (CT) activities. This action is necessary to provide for the safety of life on navigable waters during OPSAIL 2012 CT. This action will restrict vessel traffic in portions of Niantic Bay, Long Island Sound, the Thames River, and New London Harbor unless authorized by the Captain of the Port (COTP) Sector Long Island Sound (SLIS).

DATES: This rule is effective from 6 a.m. on July 6, 2012 to 5 p.m. on July 7, 2012.

This rule will be enforced during the following dates and times:

(1) Area 1, from 6 a.m. July 6, until 5 p.m. on July 7, 2012.

(2) Areas 3 and 4, from 7:30 a.m. until 5 p.m. on July 7, 2012.

(3) Areas 2 and 5, from 10 a.m. until 5 p.m. on July 7, 2012.

ADDRESSES: Documents mentioned in this preamble are part of docket [USCG–2012–0066]. To view documents mentioned in this preamble as being available in the docket, go to *http://www.regulations.gov,* type the docket number in the ''SEARCH'' box and click ''SEARCH.'' Click on Open Docket Folder on the line associated with this rulemaking. You may also visit the Docket Management Facility in Room W12–140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email Petty Officer Joseph Graun, Prevention Department, U.S. Coast Guard Sector Long Island Sound, (203) 468–4544, *Joseph.L.Graun@uscg.mil.* If you have questions on viewing or submitting material to the docket, call Renee V. Wright, Program Manager, Docket Operations, telephone (202) 366–9826.

SUPPLEMENTARY INFORMATION:

Table of Acronyms

COTP Captain of the Port
CT Connecticut
DHS Department of Homeland Security
FR **Federal Register**
SLIS Sector Long Island Sound

A. Regulatory History and Information

On March 19, 2012 the Coast Guard published a notice of proposed rulemaking (NPRM) entitled ''Special Local Regulations; OPSAIL 2012 Connecticut, Niantic Bay, Long Island Sound, Thames River and New London Harbor, New London, CT'' in the **Federal Register** (77 FR 15981). We received no comments on the proposed rule. No public meeting was requested and none was held.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. The Coast Guard published and NPRM for this rule in March, but there was not sufficient time to publish this Final Rule more than thirty days prior to the effective date of the rule.

B. Basis and Purpose

The legal basis for this rule is 33 U.S.C. 1233, which authorizes the Coast Guard to define special local regulations.

This temporary special local regulation is necessary to ensure the safety of vessels and spectators from hazards associated with OPSAIL 2012 CT.

C. Discussion of Comments, Changes and the Final Rule

No comments were received and this final rule is unchanged from the rule published in the NPRM.

D. Regulatory Analyses

We developed this rule after considering numerous statutes and executive orders related to rulemaking. Below we summarize our analyses based on several of these statutes or executive orders.

1. Regulatory Planning and Review

This rule is not a significant regulatory action under section 3(f) of Executive Order 12866, Regulatory Planning and Review, as supplemented by Executive Order 13563, Improving Regulation and Regulatory Review, and does not require an assessment of potential costs and benefits under section 6(a)(3) of Executive Order 12866 or under section 1 of Executive Order 13563. The Office of Management and Budget has not reviewed it under those Orders.

Although this regulation prevents traffic from transiting a portion of Long Island Sound, the Thames River and New London Harbor during OPSAIL 2012 CT, the effect of this regulation will not be significant for the following reasons: During the limited time that the regulated areas will be in effect, mariners will be able to transit around some areas, and persons and vessels will still be able to enter, transit