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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 850

Electronic Retirement Processing

AGENCY: Office of Personnel Management.

ACTION: Final rule.

SUMMARY: The Office of Personnel Management (OPM) is adopting its proposed regulations applicable to electronic benefits processing under the Civil Service Retirement System (CSRS), the Federal Employees’ Retirement System (FERS), the Federal Employees’ Group Life Insurance (FEGLI), the Federal Employees Health Benefits (FEHB), and the Retired Federal Employee Health Benefits (RFEHB) Programs. These amendments are also being adopted to provide OPM with the flexibility to implement further improvements in automated retirement processing, recordkeeping, and electronic submission of forms and retirement applications as OPM’s technological initiatives reach completion.

DATES: Effective November 18, 2013.

FOR FURTHER INFORMATION CONTACT: Roxann Johnson or Kristine Prentice, (202) 606–0299.

SUPPLEMENTARY INFORMATION: On March 5, 2013, OPM published (at 78 FR 14233) proposed regulations to amend part 850 of title 5, Code of Federal Regulations, by updating regulations previously published (at 72 FR 73573). Pursuant to the President’s January 18, 2011, Executive Order 13563—Improving Regulation and Regulatory Review, 76 FR 3821 (January 21, 2011), the Office of Personnel Management (OPM) undertook a review of part 850 of title 5, Code of Federal Regulations, to streamline and revise this part so that it better serves OPM’s ongoing modernization of the processing of benefits under the CSRS, FERS, FEGLI, FEHB, and the RFEHB Programs. OPM is adopting these amendments to part 850 to ensure the rule reflects the electronic recordkeeping and automated retirement processing improvements being deployed by OPM, agencies, and Shared Service Centers under OPM’s Human Resources Line of Business.

OPM received no comments on the proposed regulations. Accordingly, we are now adopting the proposed regulations as final without change.

Executive Order 13563 and Executive Order 12866

The Office of Management and Budget has reviewed this rule in accordance with E.O. 13563 and E.O. 12866.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the purpose of this regulation is to assist in facilitating OPM’s ongoing modernization of the processing of benefits under CSRS, FERS, FEGLI, FEHB, and RFEHB.

List of Subjects in 5 CFR Part 850

Administrative practice and procedure, Air traffic controllers, Alimony, Claims, Disability benefits, Firefighters, Government employees, Income taxes, Intergovernmental relations, Law enforcement officers, Pensions, Reporting and recordkeeping requirements, Retirement.

Office of Personnel Management.

Katherine Archuleta,
Director.

Accordingly, OPM is amending 5 CFR part 850 as follows:

PART 850—ELECTRONIC RETIREMENT PROCESSING

§ 850.101 Purpose and scope.

(a) The purpose of this part is to enable changes to OPM’s retirement and insurance processing systems to improve the quality and timeliness of services to employees and annuitants covered by CSRS and FERS by using contemporary, automated business processes and supporting accessible technologies. By utilizing these automated processes, OPM will employ more efficient and effective business systems to respond to increased customer demand for higher levels of customer service and online self-service tools.

(b) The provisions of this part authorize exceptions from regulatory provisions that would otherwise apply to CSRS and FERS annuities and FEGLI, FEHB, and RFEHB benefits processed by or at the direction of OPM. Those regulatory provisions that would otherwise apply were established for a hardcopy based retirement and insurance benefits processing system that may eventually be phased out but which will continue to operate concurrently with OPM’s modernization efforts. During the phased transition to electronic retirement and insurance processing, certain regulations that were not designed with information technology needs in mind, and which are incompatible with electronic business processes, must be set aside with respect to electronic retirement and insurance processing. The regulations set forth in this part make the transition to electronic processing possible.

(c) The provisions of this part do not affect retirement and insurance eligibility and annuity computation provisions. The provisions for capturing retirement and insurance data in an electronic format, however, may support, in some instances, more precise calculations of annuity and insurance benefits than were possible using hardcopy records.

§ 850.103 Definitions.

In this part—Agency means an Executive agency as defined in section 105 of title 5, United States Code; a legislative branch agency; a judicial branch agency; the U.S. Postal Service; the Postal Regulatory Commission; and the District of Columbia government.
Biometrics means the technology that converts a unique characteristic of an individual into a digital form, which is then interpreted by a computer and compared with a digital exemplar copy of the characteristic stored in the computer. Among the unique characteristics of an individual that can be converted into a digital form are voice patterns, fingerprints, and the blood vessel patterns present on the retina of one or both eyes.

Cryptographic control method means an approach to authenticating identity or the authenticity of an electronic document through the use of a cipher (i.e., a pair of algorithms) which performs encryption and decryption.

CSRS means the Civil Service Retirement System established under subchapter III of chapter 83 of title 5, United States Code.

Digital signature means an electronic signature generated by means of an algorithm that ensures that the identity of the signatory and the integrity of the data can be verified. A value, referred to as the “private key,” is generated to produce the signature and another value, known as the “public key,” which is linked to but is not the same as the private key, is used to verify the signature.

Digitized signature means a graphical image of a handwritten signature usually created using a special computer input device (such as a digital pen and pad), which contains unique biometric data associated with the creation of each stroke of the signature (such as friction, stroke or pen pressure). A digitized signature can be verified by comparison with the characteristics and biometric data of a known or exemplar signature image.

Director means the Director of the Office of Personnel Management.

Electronic communication means any information conveyed through electronic means and includes electronic forms, applications, elections, and requests submitted by email or any other electronic message.

Electronic Document Management System (EDMS) means the electronic system of images of hardcopy individual retirement records (SF 2806 and SF 3100) and other retirement-related documents.

Electronic Individual Retirement Record (eIRR) means a web-based database that contains certified electronic closeout and fully paid post-56 military service deposit Individual Retirement Records (IRRs), also known as Standard Form (SF) 2806 and SF 3100. The eIRR is stored in the Electronic Individual Retirement Record records storage database (formerly known as the Individual Retirement Record Closeout Data Capture or ICDC records storage database).

Electronic Official Personnel Record Folder (eOPF) means an electronic version of the hardcopy Official Personnel Folder (OPF), providing Web-enabled access for federal employees and HR staff to view eOPF documents.

Electronic Retirement Record (ERR) means the certified electronic retirement record submitted to OPM as a retirement data feed in accordance with the Guide to Retirement Data Reporting. The ERR is submitted to OPM whenever an Agency would otherwise submit a hardcopy IRR to OPM.

Employee means an individual, other than a Member of Congress, who is covered by CSRS or FERS.

Enterprise Human Resources Integration (EHRI) Data System means the comprehensive electronic retirement record-keeping system that supports OPM’s retirement processing across the Federal Government.

FEGLI means the Federal Employees’ Group Life Insurance Program established under chapter 87 of title 5, United States Code.

FEHB means the Federal Employees Health Benefits Program established under chapter 89 of title 5, United States Code.

FERS means the Federal Employees’ Retirement System established under chapter 84 of title 5, United States Code.

Member means a Member of Congress as defined by section 2106 of title 5, United States Code, who is covered by CSRS or FERS.

Non-cryptographic method is an approach to authenticating identity that relies solely on an identification and authentication mechanism that must be linked to a specific software platform for each application.

Personal identification number (PIN) or password means a non-cryptographic method of authenticating the identity of a user of an electronic application, involving the use of an identifier known only to the user and to the electronic system, which checks the identifier against data in a database to authenticate the user’s identity.

Public/private key (asymmetric) cryptography is a method of creating a unique mark, known as a digital signature, on an electronic document or file. This method involves the use of two computer-generated, mathematically-linked keys: A private signing key that is kept private and a public validation key that is available to the public.

Retirement Data Repository means a secure centralized data warehouse that stores electronic retirement data of employees covered under the Civil Service Retirement System or the Federal Employees Retirement System compiled from multiple sources including agencies and Shared Service Centers.

RFEHB means the Retired Federal Employees Health Benefits Program established under Public Law 86–724, 74 Stat. 849, 851–52 (September 8, 1960), as amended.

Shared Service Centers means processing centers delivering a broad array of administrative services to multiple agencies.

Shared symmetric key cryptography means a method of authentication in which a single key is used to sign and verify an electronic document. The single key (also known as a “private key”) is known only by the user and the recipient or recipients of the electronic document.

Smart card means a plastic card, typically the size of a credit card, containing an embedded integrated circuit or “chip” that can generate, store, or process data. A smart card can be used to facilitate various authentication technologies that may be embedded on the same card. It should be noted that the specific components of a smart card may be covered by the term “digital signature” as defined in this section.

5. Amend § 850.106 by revising paragraph (a)(4) to read as follows:

§ 850.106 Electronic signatures.

(a) * * *

(4)(i) In general, any regulatory requirement under CSRS, FERS, FEGLI, FEHB or RFEHB that a signature be notarized, certified, or otherwise witnessed, by a notary public or other official authorized to administer oaths may be satisfied by the electronic signature of the person authorized to perform those acts when such electronic signature is attached to or logically associated with all other information and records required to be included by the applicable regulation.

(ii) Except as provided in paragraph (a)(4)(iii) of this section, a person signing a consent or election for the purpose of electronic notarization under paragraph (a)(4)(i) of this section must be in the physical presence of the notary public or an official authorized to administer oaths.

(iii) The Director may provide in directives issued under § 850.104 that alternative procedures utilized by a notary public or other official authorized to administer oaths (such as audio-video conference technology) will be deemed to satisfy the physical presence requirement for a notarized, certified, or witnessed election or consent, but only if those procedures with respect to the electronic system
provide the same safeguards as are
provided by physical presence.

6. Revise § 850.201 to read as follows:

§ 850.201 Applications for benefits.

(a) Hardcopy applications and related
submissions that are otherwise required
to be made to an individual’s employing
agency (other than by statute) may
instead be submitted electronically in
such form as the Director prescribes
under § 850.104.

(b) Data provided under subpart C of
this part are the basis for adjudicating
claims for CSRS and FERS retirement
benefits, and will support the
administration of FEGLI, FEHB and
RFEHB coverage for annuitants, under
this part.

§ 850.202 [Amended]

7. Amend § 850.202 by removing the
paragraph parenthetical designation
“(a)” and by removing paragraph (b).

8. Revise § 850.203 to read as follows:

§ 850.203 Other elections.

Any other election may be effected in
such form as the Director prescribes
under § 850.104. Such elections include
but are not limited to elections of
coverage under CSRS, FERS, FEGLI,
FEHB, or RFEHB by individuals entitled
to elect such coverage; applications for
service credit and applications to make
deposit; and elections regarding the
withholding of State income tax from
annuity payments.

9. Revise § 850.301 to read as follows:

§ 850.301 Electronic records; other
acceptable records.

(a) Acceptable electronic records for
retirement and insurance processing by
OPM include—

(1) Electronic employee data,
including an eRR or an ERR, submitted
by an agency, agency payroll office, or
Shared Service Center, or other entity
and stored within the EHRI Retirement
Data Repository, the eRR records
storage database, or other OPM
database.

(2) Electronic Official Personnel
Folder (eOPF) data; and

(3) Documents, including hardcopy
versions of the Individual Retirement
Record (SF 2806 or SF 3100), or data or
images obtained from such documents,
including images stored in EDMS, that
are converted to an electronic or digital
form by means of image scanning or
other forms of electronic or digital
conversion.

(b) Documents that are not converted
to an electronic or digital form will
continue to be acceptable records for
processing by the retirement and
insurance processing system.

10. Revise § 850.401 to read as follows:

§ 850.401 Electronic notice of coverage
determination.

An agency or other entity that submits
electronic employee records directly or
through a Shared Service Center must
include in the notice of law enforcement
officer, firefighter, or nuclear materials
retirement coverage, required by
§§ 831.811(a), 831.911(a), 842.808(a), or
842.910(a) of this chapter, the position
description number, or other unique
alphanumeric identifier, in the notice
for the position for which law
enforcement officer, firefighter, or
nuclear materials courier retirement
coverage has been approved. Agencies
or other entities must submit position
descriptions to OPM in a PDF
document to
box@opm.gov.

BILLING CODE 6325–38–P

DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
7 CFR Part 27
[AMS–CN–13–0043]
RIN 0581–AD33
Cotton Futures Classification: Optional
Classification Procedure

AGENCY: Agricultural Marketing Service,
USDA.

ACTION: Final rule.

SUMMARY: The Agricultural Marketing
Service (AMS) is amending regulations
to allow for the addition of an optional
cotton futures classification procedure—
identified and known as “registration”
by the U.S. cotton industry and the
Intercontinental Exchange (ICE). In
response to requests from the U.S.
cotton industry and ICE, AMS will offer
a futures classification option whereby
cotton bales may be certificated for the
purpose of an exchange’s cotton futures
contract using Smith-Doxey data to
verify that submitted bales meet more
restrictive quality requirements and age
parameters established by that
exchange. AMS anticipates that the
futures classification option will be
available in time for the implementation
of ICE’s Cotton Resolution No. 2, which
is scheduled to commence with the
March 2014 contract month.

DATES: Effective Date: November 19,
2013.

FOR FURTHER INFORMATION CONTACT:
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SUPPLEMENTARY INFORMATION:

Executive Order 12866
This rule has been determined to be
not significant for purposes of Executive
Order 12866; and, therefore has not been
reviewed by the Office of Management and Budget (OMB).

Executive Order 12988
This rule has been reviewed under
Executive Order 12988, Civil Justice
Reform. It is not intended to have
retroactive effect. There are no
administrative procedures that must be
exhausted prior to any judicial
challenge to the provisions of this rule.

Regulatory Flexibility Act and
Paperwork Reduction Act

Pursuant to requirements set forth in
the Regulatory Flexibility Act (RFA) (5
U.S.C. 601–612), AMS has considered
the economic impact of this action on
small entities and has determined that
its implementation will not have a
significant economic impact on a
substantial number of small businesses.
The purpose of the RFA is to fit
regulatory actions to the scale of
businesses subject to such actions so
that small businesses will not be
disproportionately burdened. There are
approximately 60 cotton merchant
organizations of various sizes active in
trading U.S. cotton. Cotton merchants
voluntarily use the AMS cotton futures
classification services under the Cotton
Futures Act (Act) (7 U.S.C. 15b). Many of
these cotton merchants are small
businesses under the criteria established
by the Small Business Administration
(13 CFR § 121.201). Establishing the
registration option for cotton futures
classification will not significantly
affect small businesses as defined in the
RFA because:

(1) The established user fee for cotton
futures classification services is $3.50
per bale (7 CFR § 27.80). Users choosing
the registration option would incur no
additional charges;

(2) The established cotton futures
classification fee represents a very small
portion of the cost per-unit currently
borne by those entities utilizing the
service;

(3) The average price paid to
producers for cotton from the 2012 crop
was 73.22 cents per pound, making a
500 pound bale of cotton worth an
average of $366.10. The current user fee