

February 6, 2003

MEMORANDUM TO: William D. Travers
Executive Director for Operations

FROM: Martin J. Virgilio, Director **/RA/**
Office of Nuclear Material Safety
and Safeguards

SUBJECT: DIRECT FINAL RULE TO REVISE 10 CFR PARTS 40 AND 150
ON THE REPORTING OF SOURCE MATERIAL
TRANSACTIONS

Attached for your signature is a direct final rule with the companion proposed rule (Attachments 1 and 2) amending U.S. Nuclear Regulatory Commission regulations in Parts 40 and 150. This rule amends the regulations to require the reporting of source material with foreign obligations, instead of source material of foreign origin. This change is necessary to satisfy the U.S. Government tracking and reporting requirements to foreign governments under various agreements for peaceful nuclear cooperation. A change is also being made to provide additional flexibility to licensees required to make annual statements on source material holdings, by allowing them to submit the report at the same time as their material status reports on special nuclear material. This rulemaking should not be controversial. The change to reporting foreign obligations versus foreign origin has been discussed in interagency meetings and with industry at Nuclear Material Management and Safeguards System (NMMSS) user meetings, and is reflected in the ongoing NMMSS upgrade. These changes would be effective on October 1, 2003.

Notices: A notice to the Commission that the Executive Director for Operations has signed the attached Federal Register notices is included for the Notice of Final Rule Signed by EDO and the Weekly Report (Attachments 3 and 4). The Approved for Publication can be found in Attachment 5 of this paper and the SBREFA forms can be found in Attachment 6. The appropriate Congressional committees will be notified.

Resources: No additional resources will be needed to implement this rule.

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Coordination: The Offices of Administration, Enforcement, Nuclear Reactor Regulation, Nuclear Security and Incident Response, and International Programs concur with these amendments. The Office of the General Counsel has no legal objection. The Office of the Chief Financial Officer has reviewed the rule for resource implications and has no objection.

Attachments:

1. FRN of Direct Final Rule
2. FRN of Proposed Rule
3. Notice of Final Rule Signed by EDO
4. Weekly Report
5. Approved for Publication
6. SBREFA Forms

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