

UNITED STATES
NUCLEAR REGULATORY COMMISSION

In the Matter of

USEC INC.)	Docket No. 70-7003
(Lead Cascade Facility))	License No. SNM-7003
AND ALL OTHER PERSONS WHO SEEK)	
OR OBTAIN ACCESS TO SAFEGUARDS)	
INFORMATION DESCRIBED HEREIN)	EA-06-223

**ORDER IMPOSING REQUIREMENTS FOR THE
PROTECTION OF AND ACCESS TO
SAFEGUARDS INFORMATION
(EFFECTIVE IMMEDIATELY)**

I

USEC Inc. (USEC or the Licensee) holds a license, issued in accordance with the Atomic Energy Act (AEA) of 1954, by the U.S. Nuclear Regulatory Commission (NRC or Commission) authorizing it to construct and operate a uranium enrichment test and demonstration facility in Piketon, Ohio. On July 15, 2003, NRC provided USEC, for its information, copies of Orders issued to Category III facilities on interim measures to enhance physical security at those facilities. Those Orders contained Safeguards Information¹. In addition, in the future, the Commission may issue the Licensee additional Orders that require compliance with specific additional security measures to enhance security at the facility. These Orders are also expected to contain Safeguards Information, which cannot be released to the

Enclosure 1

¹Safeguards Information is a form of sensitive, unclassified, security-related information that the Commission has the authority to designate and protect under section 147 of the AEA.

public and must be protected from unauthorized disclosure. Therefore, the Commission is imposing the requirements, as set forth in Attachments A, B, and C of this Order, so that the Licensee can receive these documents. This Order also imposes requirements for the protection of Safeguards Information in the hands of any person,² whether or not a Licensee of the Commission, who produces, receives, or acquires Safeguards Information.

On August 8, 2005, the Energy Policy Act of 2005 (EPAAct) was enacted. Section 652 of the EPAAct amended Section 149 of the AEA to require fingerprinting and a Federal Bureau of Investigation (FBI) identification and criminal history records check of any person who is to be permitted to have access to Safeguards Information. The NRC's implementation of this requirement cannot await the completion of the Safeguards Information rulemaking, which is underway, because the EPAAct fingerprinting and criminal history check requirements for access to Safeguards Information were immediately effective upon enactment of the EPAAct. Although the EPAAct permits the Commission by rule to except certain categories of individuals from the fingerprinting requirement, which the Commission has done (see 10 CFR § 73.59, 71 Fed. Reg. 33,989 (June 13, 2006)), it is unlikely that many Licensee employees are excepted from the fingerprinting requirement by the "fingerprinting relief" rule. Individuals relieved from the fingerprinting and criminal history checks under the relief rule include Federal, State, and local officials and law enforcement personnel; Agreement State inspectors, who conduct security inspections on behalf of the NRC; members of Congress and certain employees of members of

² Person means: (1) any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, government agency other than the Commission or the Department of Energy, except that the Department of Energy shall be considered a person with respect to those facilities of the Department specified in section 202 of the Energy Reorganization Act of 1974 (88 Stat. 1244), any State or any political subdivision of, or any political entity within a State, any foreign government or nation or any political subdivision of any such government or nation, or other entity; and (2) any legal successor, representative, agent, or agency of the foregoing.

Congress or Congressional Committees; representatives of the International Atomic Energy Agency or certain foreign government organizations. In addition, individuals who have a favorably-decided U.S. Government criminal history check within the last five (5) years, and individuals who have active Federal security clearances (provided in either case that they make available the appropriate documentation), have satisfied the EAct fingerprinting requirement and need not be fingerprinted again. Therefore, in accordance with Section 149 of the AEA, as amended by the EAct, the Commission is imposing additional requirements, as set forth by this Order, for access to Safeguards Information so that affected licensees can obtain and grant access to Safeguards Information. This Order also imposes requirements for access to Safeguards Information by any person, from any person, whether or not a Licensee, Applicant, or Certificate Holder of the Commission or Agreement States.

Subsequent to the terrorist events of September 11, 2001, the NRC issued Orders requiring certain entities to implement Additional Security Measures (ASM) or Compensatory Measures (CM) for certain radioactive materials. The requirements imposed by these Orders, and certain measures licensees have developed to comply with the Orders, were designated by the NRC as Safeguards Information. For some materials licensees, the storage and handling requirements for the Safeguards Information have been modified from the existing 10 C.F.R. Part 73 Safeguards Information requirements for reactors and fuel cycle facilities that require a higher level of protection; such Safeguards Information is designated as Safeguards Information--Modified Handling (SGI-M). However, the information subject to the SGI-M handling and protection requirements is Safeguards Information, and licensees and other persons who seek or obtain access to such Safeguards Information are subject to this Order.

II

The Commission has broad statutory authority to protect Safeguards Information and prohibit its unauthorized disclosure. Section 147 of the AEA, as amended, grants the Commission explicit authority to "... issue such orders, as necessary to prohibit the unauthorized disclosure of safeguards information" Furthermore, Section 652 of the EPA Act amended Section 149 of the AEA to require fingerprinting and an FBI identification and a criminal history records check of each individual who seeks access to Safeguards Information. In addition, no person may have access to Safeguards Information unless the person has an established need-to-know and satisfies the trustworthy and reliability requirements of those Orders.

Licensees and all persons who produce, receive, or acquire Safeguards Information must ensure proper handling and protection of Safeguards Information, to avoid unauthorized disclosure, in accordance with the specific requirements for the protection of Safeguards Information contained in Attachments A, B, and C. The Commission hereby provides notice that it intends to treat violations of the requirements contained in Attachments A, B, and C, applicable to the handling and unauthorized disclosure of Safeguards Information, as serious breaches of adequate protection of the public health and safety and the common defense and security of the United States. Access to Safeguards Information is limited to those persons who have established a need-to-know the information, and are considered to be trustworthy and reliable, and who satisfy the fingerprinting and criminal history records check required by the EPA Act and this Order. A "need-to-know" means a determination by a person having responsibility for protecting Safeguards Information that a proposed recipient's access to Safeguards Information is necessary in the performance of official, contractual, or Licensee duties of employment. The Licensee and all other persons who obtain Safeguards Information

must ensure that they develop, maintain, and implement strict policies and procedures for the proper handling of Safeguards Information, to prevent unauthorized disclosure, in accordance with the requirements in Attachments A, B, and C. The Licensee must ensure that all contractors whose employees may have access to Safeguards Information either adhere to the Licensee's policies and procedures on Safeguards Information or develop, maintain, and implement their own acceptable policies and procedures. The Licensee remains responsible for the conduct of its contractors. The policies and procedures necessary to ensure compliance with applicable requirements contained in Attachments A, B, and C must address, at a minimum, the following: (1) the general performance requirement that each person who produces, receives, or acquires Safeguards Information shall ensure that Safeguards Information is protected against unauthorized disclosure; (2) protection of Safeguards Information at fixed sites, in use and in storage, and while in transit; (3) correspondence containing Safeguards Information; (4) access to Safeguards Information; (5) preparation, marking, reproduction, and destruction of documents; (6) external transmission of documents; (7) use of automatic data processing systems; and (8) removal of the Safeguards Information category.

To provide assurance that the Licensee is implementing appropriate measures to achieve a consistent level of protection to prohibit the unauthorized disclosure of Safeguards Information, the Licensee shall implement the requirements for access to Safeguards Information in this Order, including the requirements in Attachments A, B, and C of this Order. In addition, pursuant to 10 CFR § 2.202, I find that in light of the common defense and security matters identified above, which warrant the issuance of this Order, the public health, safety, and interest require that this Order be effective immediately.

III

Accordingly, pursuant to Sections 53, 62, 63, 81, 147, 149, 161b, 161i, 161o, 182, and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR § 2.202, 10 CFR Part 30, 10 CFR Part 40, and 10 CFR Part 70, IT IS HEREBY ORDERED, **EFFECTIVE IMMEDIATELY**, THAT LICENSEE AND ALL OTHER PERSONS WHO PRODUCE, RECEIVE, OR ACQUIRE THE ADDITIONAL SECURITY MEASURES IDENTIFIED ABOVE (WHETHER DRAFT OR FINAL), OR WHO SEEK OR OBTAIN ACCESS TO SAFEGUARDS INFORMATION, SHALL COMPLY WITH THE REQUIREMENTS SET FORTH IN THIS ORDER, INCLUDING THE REQUIREMENTS IN ATTACHMENTS A, B, AND C.

- A. 1. No person may have access to Safeguards Information unless that person has a need-to-know the Safeguards Information, has been fingerprinted or who has a favorably decided FBI identification and criminal history records check, and satisfies all other applicable requirements for access to Safeguards Information. Fingerprinting and the FBI identification and criminal history records check are not required, however, for any person who is relieved from that requirement by 10 CFR § 73.59 (71 Fed. Reg. 33,989 (June 13, 2006)) or who has a favorably-decided U.S. Government criminal history check within the last five (5) years, or who has an active Federal security clearance, provided in each case that the appropriate documentation is made available to the Licensee's NRC-approved reviewing official.
2. No person may have access to any Safeguards Information if the NRC has determined, based on fingerprinting and an FBI identification and criminal history records check, that the person may not have access to Safeguards Information.

B. No person may provide Safeguards Information to any other person except in accordance with condition III.A above. Prior to providing Safeguards Information to any person, a copy of this Order shall be provided to that person.

C. The Licensee shall comply with the following requirements:

1. The Licensee shall, within **twenty (20) days** of the date of this Order, establish and maintain a fingerprinting program that meets the requirements of Attachment C to this Order.

2. The Licensee shall, within **twenty (20) days** of the date of this Order, submit the fingerprints of one (1) individual who needs access to Safeguards Information and who the Licensee nominates as the “reviewing official” for determining access to Safeguards Information by other individuals. The NRC will determine whether this individual (or any subsequent reviewing official) may have access to Safeguards Information and, therefore, will be permitted to serve as the Licensee’s reviewing official.³ The Licensee may, at the same time or later, submit the fingerprints of other individuals to whom the Licensee seeks to grant access to Safeguards Information. Fingerprints shall be submitted and reviewed in accordance with the procedures described in Attachment C of this Order.

³The NRC’s determination of this individual’s access to Safeguards Information in accordance with the process described in Enclosure 3 to the transmittal letter of this Order is an administrative determination that is outside the scope of this Order.

3. The Licensee shall, in writing, within **twenty (20) days** of the date of this Order, notify the Commission, (1) if it is unable to comply with any of the requirements described in the Order, including Attachments A, B, and C, or (2) if compliance with any of the requirements is unnecessary in its specific circumstances. The notification shall provide the Licensee's justification for seeking relief from or variation of any specific requirement.

Licensee responses to C.1., C.2., and C.3. above shall be submitted to the Director, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555. In addition, Licensee responses shall be marked as "Security-Related Information - Withhold Under 10 CFR 2.390." The Director, Office of Nuclear Material Safety and Safeguards, may, in writing, relax or rescind any of the above conditions, on demonstration of good cause by the Licensee.

IV.

In accordance with 10 CFR § 2.202, the Licensee must, and any other person adversely affected by this Order may, submit an answer to this Order, and may request a hearing on this Order, within twenty (20) days of the date of this Order. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time in which to submit an answer or request a hearing must be made in writing to the Director, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and include a statement of good cause for the extension. The answer may consent to this Order. Unless the answer consents to this Order, the answer shall, in writing and under oath or affirmation, specifically set forth the matters of fact and law on which the Licensee or other person adversely affected relies, and the reasons as to why the Order should not have been issued. Any answer or request for a hearing shall be submitted to

the Secretary, Office of the Secretary, U.S. Nuclear Regulatory Commission, ATTN: Rulemakings and Adjudications Staff, Washington, DC 20555. Copies also shall be sent to the Director, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555; to the Assistant General Counsel for Materials Litigation and Enforcement, at the same address; and to the Licensee, if the answer or hearing request is by a person other than the Licensee. Because of possible delays in delivery of mail to United States Government offices, it is requested that answers and requests for hearing be transmitted to the Secretary of the Commission, either by means of facsimile transmission, to 301-415-1101, or by e-mail, to hearingdocket@nrc.gov; and also to the Office of the General Counsel, either by means of facsimile transmission, to 301-415-3725, or by e-mail, to OGCMailCenter@nrc.gov. If a person other than the Licensee requests a hearing, that person shall set forth with particularity the manner in which their interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR § 2.309.

If a hearing is requested by the Licensee or a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Order should be sustained.

Pursuant to 10 CFR § 2.202(c)(2)(i), the Licensee may, in addition to demanding a hearing, at the time the answer is filed or sooner, move the presiding officer to set aside the immediate effectiveness of the Order on the grounds that the Order, including the need for immediate effectiveness, is not based on adequate evidence, but on mere suspicion, unfounded allegations, or error. In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section III

above shall be final twenty (20) days from the date of this Order, without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in Section III shall be final when the extension expires, if a hearing request has not been received. AN ANSWER OR A REQUEST FOR HEARING SHALL NOT STAY THE IMMEDIATE EFFECTIVENESS OF THIS ORDER.

Dated this 4th day of October 2006

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

Attachments:

- A. Attachment A: Modified Handling Requirements for the Protection of Certain Safeguards Information (SGI-M)
- B. Attachment B: Trustworthiness and Reliability Requirements for Individuals Handling Safeguards Information
- C. Attachment C: Requirements for Fingerprinting and Criminal History Checks of Individuals When Licensee's Reviewing Official is Determining Access to Safeguards Information

Modified Handling Requirements for the Protection of Certain Safeguards Information (SGI-M)

General Requirement

Information and material that the U.S. Nuclear Regulatory Commission (NRC) determines are safeguards information must be protected from unauthorized disclosure. In order to distinguish information needing modified protection requirements from the safeguards information for reactors and fuel cycle facilities that require a higher level of protection, the term "Safeguards Information-Modified Handling" (SGI-M) is being used as the distinguishing marking for certain materials licensees. Each person who produces, receives, or acquires SGI-M shall ensure that it is protected against unauthorized disclosure. To meet this requirement, licensees and persons shall establish and maintain an information protection system that includes the measures specified below. Information protection procedures employed by state and local police forces are deemed to meet these requirements.

Persons Subject to These Requirements

Any person, whether or not a licensee of the NRC, who produces, receives, or acquires SGI-M is subject to the requirements (and sanctions) of this document. Firms and their employees that supply services or equipment to materials licensees fall under this requirement if they possess SGI-M. A licensee must inform contractors and suppliers of the existence of these requirements and the need for proper protection. (See more under Conditions for Access)

State or local police units who have access to SGI-M are also subject to these requirements. However, these organizations are deemed to have adequate information protection systems. The conditions for transfer of information to a third party, i.e., need-to-know, would still apply to the police organization as would sanctions for unlawful disclosure. Again, it would be prudent for licensees who have arrangements with local police to advise them of the existence of SGI-M requirements.

Criminal and Civil Sanctions

The Atomic Energy Act of 1954, as amended, explicitly provides that any person, "whether or not a licensee of the Commission, who violates any regulations adopted under this section shall be subject to the civil monetary penalties of section 234 of this Act." Furthermore, willful violation of any regulation or order governing safeguards information is a felony subject to criminal penalties in the form of fines or imprisonment, or both. *See sections 147b. and 223 of the Act.*

Conditions for Access

Access to SGI-M beyond the initial recipients of the order will be governed by the background check requirements imposed by the order. Access to SGI-M by licensee employees, agents, or contractors must include both an appropriate need-to-know determination by the licensee, as well as a determination concerning the trustworthiness of individuals having access to the information. Employees of an organization affiliated with the licensee's company, e.g., a parent company, may be considered as employees of the licensee for access purposes.

Need-to-Know

Need-to-know is defined as a determination by a person having responsibility for protecting SGI-M that a proposed recipient's access to SGI-M is necessary in the performance of official, contractual, or licensee duties of employment. The recipient must be made aware that the information is SGI-M and those having access to it are subject to these requirements as well as criminal and civil sanctions for mishandling the information.

Occupational Groups

Dissemination of SGI-M is limited to individuals who have an established need-to-know and who are members of certain occupational groups. These occupational groups are:

1. An employee, agent, or contractor of an applicant, a licensee, the Commission, or the United States Government;
2. A member of a duly authorized committee of the Congress;
3. The Governor of a State or his designated representative;
4. A representative of the International Atomic Energy Agency (IAEA) engaged in activities associated with the U.S./IAEA Safeguards Agreement who has been certified by the NRC;
5. A member of a state or local law enforcement authority that is responsible for responding to requests for assistance during safeguards emergencies;
6. A person to whom disclosure is ordered pursuant to Section 2.744(e) of Part 2 of part 10 of the Code of Federal Regulations; or
7. State Radiation Control Program Directors (and State Homeland Security Directors) or their designees.

In a generic sense, the individuals described above in (A) through (G) are considered to be trustworthy by virtue of their employment status. For non-governmental individuals in group (A) above, a determination of reliability and trustworthiness is required. Discretion must be exercised in granting access to the individuals in group (A). If there is any indication that the recipient would be unwilling or unable to provide proper protection for the SGI-M, they are not authorized to receive SGI-M.

Information Considered for Safeguards Information Designation

Information deemed SGI-M is information the disclosure of which could reasonably be expected to have a significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of materials or facilities subject to NRC jurisdiction.

SGI-M identifies safeguards information which is subject to these requirements. These requirements are necessary in order to protect quantities of nuclear material significant to the health and safety of the public or common defense and security.

The overall measure for consideration of SGI-M is the usefulness of the information (security or otherwise) to an adversary in planning or attempting a malevolent act. The specificity of the information increases the likelihood that it will be useful to an adversary.

Protection While in Use

While in use, SGI-M shall be under the control of an authorized individual. This requirement is satisfied if the SGI-M is attended by an authorized individual even though the information is in fact not constantly being used. SGI-M, therefore, within alarm stations, continuously manned guard posts or ready rooms need not be locked in file drawers or storage containers.

Under certain conditions the general control exercised over security zones or areas would be considered to meet this requirement. The primary consideration is limiting access to those who have a need-to-know. Some examples would be:

Alarm stations, guard posts and guard ready rooms;

Engineering or drafting areas if visitors are escorted and information is not clearly visible;

Plant maintenance areas if access is restricted and information is not clearly visible;

Administrative offices (e.g., central records or purchasing) if visitors are escorted and information is not clearly visible;

Protection While in Storage

While unattended, SGI-M shall be stored in a locked file drawer or container. Knowledge of lock combinations or access to keys protecting SGI-M shall be limited to a minimum number of personnel for operating purposes who have a "need-to-know" and are otherwise authorized access to SGI-M in accordance with these requirements. Access to lock combinations or keys shall be strictly controlled so as to prevent disclosure to an unauthorized individual.

Transportation of Documents and Other Matter

Documents containing SGI-M when transmitted outside an authorized place of use or storage shall be enclosed in two sealed envelopes or wrappers. The inner envelope or wrapper shall contain the name and address of the intended recipient, and be marked both sides, top and bottom with the words "**Safeguards Information - Modified Handling.**" The outer envelope or wrapper must be addressed to the intended recipient, must contain the address of the sender, and must not bear any markings or indication that the document contains SGI-M.

SGI-M may be transported by any commercial delivery company that provides nation-wide overnight service with computer tracking features, US first class, registered, express, or certified mail, or by any individual authorized access pursuant to these requirements.

Within a facility, SGI-M may be transmitted using a single opaque envelope. It may also be transmitted within a facility without single or double wrapping, provided adequate measures are taken to protect the material against unauthorized disclosure. Individuals transporting SGI-M should retain the documents in their personal possession at all times or ensure that the information is appropriately wrapped and also secured to preclude compromise by an unauthorized individual.

Preparation and Marking of Documents

While the NRC is the sole authority for determining what specific information may be designated as "SGI-M," originators of documents are responsible for determining whether those documents contain such information. Each document or other matter that contains SGI-M shall be marked "**Safeguards Information - Modified Handling**" in a conspicuous manner on the top and bottom of the first page to indicate the presence of protected information. The first page of the document must also contain (i) the name, title, and organization of the individual authorized to make a SGI-M determination, and who has determined that the document contains SGI-M, (ii) the date the document was originated or the determination made, (iii) an indication that the document contains SGI-M, and (iv) an indication that unauthorized disclosure would be subject to civil and criminal sanctions. Each additional page shall be marked in a conspicuous fashion at the top and bottom with letters denoting "**Safeguards Information - Modified Handling.**"

In addition to the "**Safeguards Information - Modified Handling**" markings at the top and bottom of page, transmittal letters or memoranda which do not in themselves contain SGI-M shall be marked to indicate that attachments or enclosures contain SGI-M but that the transmittal does not (e.g., "When separated from SGI-M enclosure(s), this document is decontrolled").

In addition to the information required on the face of the document, each item of correspondence that contains SGI-M shall, by marking or other means, clearly indicate which portions (e.g., paragraphs, pages, or appendices) contain SGI-M and which do not. Portion marking is not required for physical security and safeguards contingency plans.

All documents or other matter containing SGI-M in use or storage shall be marked in accordance with these requirements. A specific exception is provided for documents in the possession of contractors and agents of licensees that were produced more than one year prior

to the effective date of the order. Such documents need not be marked unless they are removed from file drawers or containers. The same exception applies to old documents stored away from the facility in central files or corporation headquarters.

Since information protection procedures employed by state and local police forces are deemed to meet NRC requirements, documents in the possession of these agencies need not be marked as set forth in this document.

Removal from SGI-M Category

Documents containing SGI-M shall be removed from the SGI-M category (decontrolled) only after the NRC determines that the information no longer meets the criteria of SGI-M. Licensees have the authority to make determinations that specific documents which they created no longer contain SGI-M information and may be decontrolled. Consideration must be exercised to ensure that any document decontrolled shall not disclose SGI-M in some other form or be combined with other unprotected information to disclose SGI-M.

The authority to determine that a document may be decontrolled may be exercised only by, or with the permission of, the individual (or office) who made the original determination. The document shall indicate the name and organization of the individual removing the document from the SGI-M category and the date of the removal. Other persons who have the document in their possession should be notified of the decontrolling of the document.

Reproduction of Matter Containing SGI-M

SGI-M may be reproduced to the minimum extent necessary consistent with need without permission of the originator. Newer digital copiers which scan and retain images of documents represent a potential security concern. If the copier is retaining any information in memory, the copier cannot be connected to a network. It should also be placed in a location that is cleared and controlled for the authorized processing of SGI-M information. Different copiers have different capabilities, including some which come with features that allow the memory to be erased. Each copier would have to be examined from a physical security perspective.

Use of Automatic Data Processing (ADP) Systems

SGI-M may be processed or produced on an ADP system provided that the system is assigned to the licensee's or contractor's facility and requires the use of an entry code/password for access to stored information. Licensees must process this information in a computing environment that has adequate computer security controls in place to prevent unauthorized access to the information. An ADP system is defined here as a data processing system having the capability of long term storage of information. Word processors such as typewriters are not subject to the requirements as long as they do not transmit information off-site. (Note: if SGI-M is produced on a typewriter, the ribbon must be removed and stored in the same manner as other SGI-M information or media.) The basic objective of these restrictions is to prevent access and retrieval of stored SGI-M by unauthorized individuals, particularly from remote terminals. Specific files containing SGI-M will be password protected to preclude access by an unauthorized individual. SGI-M files may be transmitted over a network if the file is encrypted. In such cases, the licensee will select a commercially available encryption system that National Institute of Standards and Technology (NIST) has validated as conforming to Federal Information Processing Standards (FIPS). SGI-M files shall be properly labeled as

“Safeguards Information - Modified Handling” and saved to removable media and stored in a locked file drawer or cabinet. NIST maintains a listing of all validated encryption systems at <http://csrc.nist.gov/cryptval/140-1/1401val.htm>.

Telecommunications

SGI-M may not be transmitted by unprotected telecommunications circuits except under emergency or extraordinary conditions. For the purpose of this requirement, emergency or extraordinary conditions are defined as any circumstances that require immediate communications in order to report, summon assistance for, or respond to a security event (or an event that has potential security significance).

This restriction applies to telephone, telegraph, teletype, facsimile circuits, and to radio. Routine telephone or radio transmission between site security personnel, or between the site and local police, should be limited to message formats or codes that do not disclose facility security features or response procedures. Similarly, call-ins during transport should not disclose information useful to a potential adversary. Infrequent or non-repetitive telephone conversations regarding a physical security plan or program are permitted provided that the discussion is general in nature.

Individuals should use care when discussing SGI-M at meetings or in the presence of others to ensure that the conversation is not overheard by persons not authorized access. Transcripts, tapes or minutes of meetings or hearings that contain SGI-M shall be marked and protected in accordance with these requirements.

Destruction

Documents containing SGI-M must be destroyed when no longer needed. They may be destroyed by tearing into small pieces, burning, shredding or any other method that precludes reconstruction by means available to the public at large. Piece sizes one half inch or smaller composed of several pages or documents and thoroughly mixed are considered completely destroyed.

Trustworthiness and Reliability Requirements for Individuals Handling Safeguards Information

Licensees shall document the basis for concluding that there is reasonable assurance that individuals granted access to safeguards information are trustworthy and reliable, and do not constitute an unreasonable risk for malevolent use of the regulated material.

The trustworthiness, reliability, and verification of an individual's true identity shall be determined based on a background investigation. The background investigation shall address at least the past three (3) years, and, as a minimum, include a Federal Bureau of Investigation fingerprinting and criminal history check, verification of employment history, education, employment eligibility, credit check, and personal references. If an individual's employment has been less than the required three (3) year period, educational references may be used in lieu of employment history.

The licensee's background investigation requirements may be satisfied for an individual that has an active Federal security clearance.

**Requirements for Fingerprinting and Criminal History Checks of
Individuals When Licensee's Reviewing Official is
Determining Access to Safeguards Information**

General Requirements

Licensees shall comply with the requirements of this attachment.

1.
 - a. Each Licensee subject to the provisions of this attachment shall fingerprint each individual who is seeking or permitted access to Safeguards Information (SGI). The Licensee shall review and use the information received from the Federal Bureau of Investigation (FBI) and ensure that the provisions contained in the subject Order and this attachment are satisfied.
 - b. The Licensee shall notify each affected individual that the fingerprints will be used to secure a review of his/her criminal history record and inform the individual of the procedures for revising the record or including an explanation in the record, as specified in the "Right to Correct and Complete Information" section of this attachment.
 - c. Fingerprints need not be taken if an employed individual (e.g., a Licensee employee, contractor, manufacturer, or supplier) is relieved from the fingerprinting requirement by 10 CFR § 73.59, has a favorably-decided U.S. Government criminal history check within the last five (5) years, or has an active Federal security clearance. Written confirmation from the Agency/employer which granted the Federal security clearance or reviewed the criminal history check must be provided. The Licensee must retain this documentation for a period of three (3) years from the date the individual no longer requires access to SGI associated with the Licensee's activities.
 - d. All fingerprints obtained by the Licensee pursuant to this Order must be submitted to the Commission for transmission to the FBI.
 - e. The Licensee shall review the information received from the FBI and consider it, in conjunction with the trustworthy and reliability requirements, in making a determination whether to grant access to Safeguards Information to individuals who have a need-to-know the SGI.
 - f. The Licensee shall use any information obtained as part of a criminal history records check solely for the purpose of determining an individual's suitability for access to Safeguards Information.
 - g. The Licensee shall document the basis for its determination whether to grant access to SGI.
2. The Licensee shall notify the NRC of any desired change in reviewing officials. The NRC will determine whether the individual nominated as the new reviewing official may have access to Safeguards Information based on a previously-obtained or new criminal

history check and, therefore, will be permitted to serve as the Licensee's reviewing official.

Prohibitions

A Licensee shall not base a final determination to deny an individual access to Safeguards Information solely on the basis of information received from the FBI involving: an arrest more than one (1) year old for which there is no information of the disposition of the case, or an arrest that resulted in dismissal of the charge or an acquittal.

A Licensee shall not use information received from a criminal history check obtained pursuant to this Order in a manner that would infringe upon the rights of any individual under the First Amendment to the Constitution of the United States, nor shall the Licensee use the information in any way which would discriminate among individuals on the basis of race, religion, national origin, sex, or age.

Procedures for Processing Fingerprint Checks

For the purpose of complying with this Order, Licensees shall, using an appropriate method listed in 10 CFR § 73.4, submit to the NRC's Division of Facilities and Security, Mail Stop T-6E46, one completed, legible standard fingerprint card (Form FD-258, ORIMDNRCOOOZ) or, where practicable, other fingerprint records for each individual seeking access to Safeguards Information, to the Director of the Division of Facilities and Security, marked for the attention of the Division's Criminal History Check Section. Copies of these forms may be obtained by writing the Office of Information Services, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, by calling (301) 415-5877, or by e-mail to forms@nrc.gov. Practicable alternative formats are set forth in 10 CFR § 73.4. The Licensee shall establish procedures to ensure that the quality of the fingerprints taken results in minimizing the rejection rate of fingerprint cards due to illegible or incomplete cards.

The NRC will review submitted fingerprint cards for completeness. Any Form FD-258 fingerprint record containing omissions or evident errors will be returned to the Licensee for corrections. The fee for processing fingerprint checks includes one re-submission if the initial submission is returned by the FBI because the fingerprint impressions cannot be classified. The one free re-submission must have the FBI Transaction Control Number reflected on the re-submission. If additional submissions are necessary, they will be treated as initial submittals and will require a second payment of the processing fee.

Fees for processing fingerprint checks are due upon application. Licensees shall submit payment with the application for processing fingerprints by corporate check, certified check, cashier's check, money order, or electronic payment, made payable to "U.S. NRC." [For guidance on making electronic payments, contact the Facilities Security Branch, Division of Facilities and Security, at (301) 415-7739]. Combined payment for multiple applications is acceptable. The application fee (currently \$27) is the sum of the user fee charged by the FBI for each fingerprint card or other fingerprint record submitted by the NRC on behalf of a Licensee, and an NRC processing fee, which covers administrative costs associated with NRC handling of Licensee fingerprint submissions. The Commission will directly notify Licensees who are subject to this regulation of any fee changes.

The Commission will forward to the submitting Licensee all data received from the FBI as a result of the Licensee's application(s) for criminal history checks, including the FBI fingerprint record.

Right to Correct and Complete Information

Prior to any final adverse determination, the Licensee shall make available to the individual the contents of any criminal records obtained from the FBI for the purpose of assuring correct and complete information. Written confirmation by the individual of receipt of this notification must be maintained by the Licensee for a period of one (1) year from the date of the notification. If, after reviewing the record, an individual believes that it is incorrect or incomplete in any respect and wishes to change, correct, or update the alleged deficiency, or to explain any matter in the record, the individual may initiate challenge procedures. These procedures include either direct application by the individual challenging the record to the agency (i.e., law enforcement agency) that contributed the questioned information, or direct challenge as to the accuracy or completeness of any entry on the criminal history record to the Assistant Director, Federal Bureau of Investigation Identification Division, Washington, DC 20537-9700 (as set forth in 28 CFR § 16.30 through 16.34). In the latter case, the FBI forwards the challenge to the agency that submitted the data and requests that agency to verify or correct the challenged entry. Upon receipt of an official communication directly from the agency that contributed the original information, the FBI Identification Division makes any changes necessary in accordance with the information supplied by that agency. The Licensee must provide at least ten (10) days for an individual to initiate an action challenging the results of an FBI criminal history records check after the record is made available for his/her review. The Licensee may make a final SGI access determination based upon the criminal history record only upon receipt of the FBI's ultimate confirmation or correction of the record. Upon a final adverse determination on access to SGI, the Licensee shall provide the individual its documented basis for denial. Access to SGI shall not be granted to an individual during the review process.

Protection of Information

1. Each Licensee who obtains a criminal history record on an individual pursuant to this Order shall establish and maintain a system of files and procedures for protecting the record and the personal information from unauthorized disclosure.
2. The Licensee may not disclose the record or personal information collected and maintained to persons other than the subject individual, his/her representative, or to those who have a need to access the information in performing assigned duties in the process of determining access to Safeguards Information. No individual authorized to have access to the information may re-disseminate the information to any other individual who does not have a need-to-know.
3. The personal information obtained on an individual from a criminal history record check may be transferred to another Licensee if the Licensee holding the criminal history check record receives the individuals' written request to re-disseminate the information contained in his/her file, and the gaining Licensee verifies information such as the individual's name, date of birth, social security number, sex, and other applicable physical characteristics for identification purposes.

4. The Licensee shall make criminal history records, obtained under this section, available for examination by an authorized representative of the NRC to determine compliance with the regulations and laws.
5. The Licensee shall retain all fingerprint and criminal history records received from the FBI, or a copy if the individual's file has been transferred, for three (3) years after termination of employment or denial of access to SGI. After the required three (3) year period, these documents shall be destroyed by a method that will prevent reconstruction of the information in whole or in part.

Guidance for Licensee's Evaluation of Access to Safeguards Information With the Inclusion of Criminal History (Fingerprint) Checks

When a Licensee submits fingerprints to the NRC pursuant to an NRC Order, it will receive a criminal history summary of information, provided in Federal records, since the individual's eighteenth birthday. Individuals retain the right to correct and complete information and to initiate challenge procedures in accordance with "Process to Challenge NRC Denials or Revocations of Access to Safeguards Information." The Licensee will receive the information from the criminal history check of those individuals requiring access to Safeguards Information, and the reviewing official should evaluate that information using the guidance below. Furthermore, the requirements of all Orders which apply to the information and material to which access is being granted must be met.

The Licensee's reviewing official is required to evaluate all pertinent and available information in making a determination of access to SGI, including the criminal history information pertaining to the individual as required by the NRC Order. The criminal history check is used in the determination of whether the individual has a record of criminal activity that indicates that the individual should not have access to SGI. Each determination of access to SGI, which includes a review of criminal history information, must be documented to include the basis for the decision made.

1. If negative information is discovered that was not provided by the individual, or which is different in any material respect from the information provided by the individual, this information should be considered, and decisions made based on these findings, must be documented.
2. Any record containing a pattern behaviors which indicates that the behaviors could be expected to recur or continue, or recent behaviors which cast questions on whether an individual should have access to SGI, should be carefully evaluated prior to any authorization of access to SGI.

It is necessary for a Licensee to resubmit fingerprints only under two conditions:

1. the FBI has determined that the prints cannot be classified due to poor quality in the mechanics of taking the initial impressions; or
2. the initial submission has been lost.

If the Federal Bureau of Investigation (FBI) advises that six sets of fingerprints are unclassifiable based on conditions other than poor quality, the licensee may submit a request to NRC for alternatives. When those search results are received from the FBI, no further search is necessary.

Enclosure 3

Process to Challenge NRC Denials or Revocations of Access to Safeguards Information

Policy

This policy establishes a process for individuals whom U.S. Nuclear Regulatory Commission (NRC) licensees nominate as reviewing officials to challenge and appeal NRC denials or revocations of access to Safeguards Information (SGI). Any individual nominated as a licensee reviewing official whom the NRC has determined may not have access to SGI shall, to the extent provided below, be afforded an opportunity to challenge and appeal the NRC's determination. This policy shall not be construed to require the disclosure of SGI to any person, nor shall it be construed to create a liberty or property interest of any kind in the access of any individual to SGI.

Applicability

This policy applies solely to those employees of licensees who are nominated as a reviewing official, and who are thus to be considered by the NRC for initial or continued access to SGI in that position.

SGI Access Determination Criteria

Determinations for granting a nominated reviewing official access to SGI will be made by the NRC staff. Access to SGI shall be denied or revoked whenever it is determined that an individual does not meet the applicable standards. Any doubt about an individual's eligibility for initial or continued access to SGI shall be resolved in favor of the national security and access will be denied or revoked.

Procedures to Challenge the Contents of Records Obtained from the Federal Bureau of Investigation

Prior to a determination by the NRC Facilities Security Branch Chief that an individual nominated as a reviewing official is denied or revoked access to SGI, the individual shall:

1. Be provided the contents of records obtained from the Federal Bureau of Investigation (FBI) for the purpose of assuring correct and complete information. If, after reviewing the record, an individual believes that it is incorrect or incomplete in any respect and wishes to change, correct, or update the alleged deficiency, or to explain any matter in the record, the individual may initiate challenge procedures. These procedures include either direct application by the individual challenging the record to the agency (i.e., law enforcement agency) that contributed the questioned information, or direct challenge as to the accuracy or completeness of any entry on the criminal history record to the Assistant Director, Federal Bureau of Investigation Identification Division, Washington, DC 20537-9700 (as set forth in 28 CFR § 16.30 through 16.34). In the latter case, the FBI forwards the challenge to the agency that submitted the data and requests that agency to verify or correct the challenged entry. Upon receipt of an official communication directly from the agency that contributed the original information, the FBI Identification Division makes any changes necessary in accordance with the information supplied by that agency.

2. Be afforded 10 days to initiate an action challenging the results of an FBI criminal history records check (described in (i), above) after the record is made available for the individual's review. If such a challenge is initiated, the NRC Facilities Security Branch Chief may make a determination based upon the criminal history record only upon receipt of the FBI's ultimate confirmation or correction of the record.

Procedures to Provide Additional Information

Prior to a determination by the NRC Facilities Security Branch Chief that an individual nominated as a reviewing official is denied or revoked access to SGI, the individual shall be afforded an opportunity to submit information relevant to the individual's trustworthiness and reliability. The NRC Facilities Security Branch Chief shall, in writing, notify the individual of this opportunity, and any deadlines for submitting this information. The NRC Facilities Security Branch Chief may make a determination of access to SGI only upon receipt of the additional information submitted by the individual, or, if no such information is submitted, when the deadline to submit such information has passed.

Procedures to Notify an Individual of the NRC Facilities Security Branch Chief Determination to Deny or Revoke Access to SGI

Upon a determination by the NRC Facilities Security Branch Chief that an individual nominated as a reviewing official is denied or revoked access to SGI, the individual shall be provided a written explanation of the basis for this determination.

Procedures to Appeal an NRC Determination to Deny or Revoke Access to SGI

Upon a determination by the NRC Facilities Security Branch Chief that an individual nominated as a reviewing official is denied or revoked access to SGI, the individual shall be afforded an opportunity to appeal this determination to the Director, Division of Facilities and Security. The determination must be appealed within 20 days of receipt of the written notice of the determination by the Facilities Security Branch Chief, and may either be in writing or in person. Any appeal made in person shall take place at the NRC's headquarters, and shall be at the individual's own expense. The determination by the Director, Division of Facilities and Security, shall be rendered within 60 days after receipt of the appeal.

Procedures to Notify an Individual of the Determination by the Director, Division of Facilities and Security, Upon an Appeal

A determination by the Director, Division of Facilities and Security, shall be provided to the individual in writing and include an explanation of the basis for this determination. A determination by the Director, Division of Facilities and Security, to affirm the Facilities Branch Chief's determination to deny or revoke an individual's access to SGI is final and not subject to further administrative appeals.