



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

July 15, 2010
U7-C-STP-NRC-100172

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

South Texas Project
Units 3 and 4
Docket Nos. 52-012 and 52-013
Supplemental Response to Request for Additional Information

This letter provides a supplemental response to a question included in Request for Additional Information (RAI) letter number 77 related to South Texas Project Units 3 & 4 (STP 3 & 4) Combined License Application (COLA) Part 1, General and Financial Information. The attachment to this letter supplements the previously submitted responses to RAI 1-1 with information regarding the mitigation efforts that will be in place prior to, during and after the construction period:

1-1, Supplement 2


No revisions to the COLA are required as a result of this RAI response.

There are no commitments in this letter.

If there are any questions regarding this submittal, please contact me at (361) 972-7136, or Bill Mookhoek at (361) 972-7274.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 7/15/10


Scott Head
Manager, Regulatory Affairs
South Texas Project Units 3 & 4

ccc

Attachment: RAI 1-1, Supplement 2

STI 32706532



cc: w/o attachment except*
(paper copy)

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RAI 1-1**RESPONSE, SUPPLEMENT 2:**

This response supplements the information provided in STPNOC letter U7-C-STP-NRC-100094 from Scott Head to Document Control Desk, "Revised Response to Request for Additional Information," dated May 3, 2010.

The following Negation Action Plan provides supplemental information regarding the mitigation efforts that will be in place prior to, during and after the construction period to assure that any foreign owners or investors are denied control or domination over all matters relating to safety, quality, security and reliability prior to, during and after the construction period, and to assure that any unauthorized persons are denied access to restricted data or other security related information.

Organization and Control of STP Nuclear Operating Company

STP Nuclear Operating Company (STPNOC) is a not for profit Texas corporation that is controlled by a board of four directors, three members of which are appointed by the City of Austin (Austin), the City Public Service Board of the City of San Antonio (CPS), and the NRG South Texas LP, an indirect wholly-owned subsidiary of NRG Energy, Inc. (NRG). These three directors choose the fourth director, who then also serves as the Chief Executive Officer. Austin and CPS are governmental organizations in the State of Texas that are controlled by city councils elected by the citizens of these U.S. cities. NRG is a publicly traded, widely held U.S. corporation, and it is not under foreign ownership, control or domination (FOCD).

STPNOC is managed and controlled by its directors. Pursuant to Article VI of STPNOC's Restated Articles of Incorporation (attached), Austin, CPS and NRG South Texas LP appoint the three Participant Directors of STPNOC. Notably, NRG South Texas LP is the successor to "Texas Genco LP," which is the entity named in the Restated Articles of Incorporation dated April 27, 2005. The three Participant Directors elect a fourth CEO/Director by a unanimous vote. As such, all of the STPNOC directors currently are U.S. citizens appointed by organizations that are under U.S. control. The STPNOC directors control STPNOC pursuant to Article V of the Restated Articles of Incorporation, which provides that STPNOC "is to have no members," *i.e.*, it has no owners, but rather "its affairs are managed by a Board of Directors."

STPNOC is subject to U.S. control, and it exercises authority over nuclear safety and security matters free from any potential for foreign domination or control over its decision-making in any area of concern to the NRC under the Atomic Energy Act of 1954. In particular, STPNOC is and will remain free from any foreign control or domination with regard to security matters, and STPNOC is subject to ongoing U.S. government oversight regarding foreign ownership, control, or influence. STPNOC maintains a Facility Security Clearance, and it has individual employees who maintain U.S. government security clearances. In connection with ongoing oversight of these security clearances, STPNOC periodically updates a "Certificate Regarding Foreign

Interests” using Standard Form 328 (SF-328), which provides for disclosures regarding potential foreign ownership, control, or influence (FOCI). Included in this attachment is a copy of SF-328 and associated instructions provided by the Department of Defense’s Defense Security Service.

The SF-328 includes questions regarding a range of potential areas of foreign influence, including debt, foreign source income, foreign directors and executive personnel, contracts and agreements with foreigners, *etc.* Material changes to answers to any questions in the SF-328 are reported to NRC in accordance with 10 CFR 95.17(a)(1). Submittals to U.S. government security officials include the Department of Energy’s disclosure forms identifying Owners, Officers, Directors and Executive Personnel (OODEP), and their citizenship. These OODEP forms are submitted and periodically updated for STPNOC, as well as Austin, CPS, and the NRG entities in the chain of control of NRG South Texas LP. Austin, CPS and NRG South Texas LP do not “own” STPNOC, but they are treated like owners in connection with the government’s security reviews because they have the right to appoint the STPNOC Participant Directors. Notably, neither NINA Texas 3 LLC (NINA 3) nor NINA Texas 4 LLC (NINA 4) has any rights regarding the appointment of the directors of STPNOC. If NINA 3 and/or NINA 4 acquired rights regarding appointment of directors, any such rights would be subject to NRC notice and review requirements, *e.g.*, Regulatory Issue Summary 2000-01.

Owner Licensee Role Versus Construction/Operator Licensee

The owner licensees for South Texas Project, Units 3 and 4 (STP 3&4) are CPS, NINA 3, and NINA 4. These owners have certain rights and decision-making authority regarding financial and other matters pursuant to the terms of the Amended and Restated Participation Agreement effective November 17, 1997 (the “Participation Agreement”). However, the pending application specifies that STPNOC is to be the licensee responsible for the design, construction, and operation pursuant to the STP 3&4 licenses. As such, throughout the design, construction, and operation of STP 3&4, STPNOC will have sole responsibility with respect to matters involving nuclear safety, quality, security, or reliability, including compliance with all NRC nuclear safety and security requirements. This includes denying unauthorized persons access to security information and assuring compliance with U.S. government requirements governing access to restricted data.

STPNOC and its contractors (subject to STPNOC’s oversight) will have physical control of the STP 3&4 site, including physical security, all nuclear material, and all security related documents and information of any kind. As such, neither the owner licensees, nor any of their foreign investors or representatives, will have the ability to control any decisions relating to NRC’s nuclear safety and security requirements. In the event that any owner personnel or any foreign person had a need to have access to security information, any such access would only occur in full compliance with STPNOC’s policies and procedures implementing NRC requirements governing the control of such security information. In addition, any transfer of controlled nuclear information would only occur in full compliance with the export control restrictions imposed by 10 CFR Part 810. STPNOC personnel, under U.S. control, make all

decisions as to whether or not any person is granted access to security information in conformance with applicable procedures.

STPNOC Authority Pursuant to a Licensing, Design, and Construction Services Agreement

STPNOC currently plans to execute a licensing, design, and construction services agreement with NINA 3 and NINA 4. The licensing, design, and construction services agreement will clearly delineate STPNOC's authority with respect to design and construction, the authority of NINA 3 and NINA 4 with respect to financial decisions, and the obligation of the NINA 3 and NINA 4 to pay for the costs of construction. Significantly, these terms will make clear that STPNOC, as the licensee responsible for design and construction, will have sole authority to make all decisions and to take all actions necessary or useful, *inter alia*:

- (a) to protect public health and safety and to determine appropriate action to be taken with respect to any matter relating to nuclear safety, quality, security, or reliability, including, but not limited to, the following matters;
 - (i) Implementation or compliance with any NRC generic letter, bulletin, order, confirmatory order, or similar requirement issued by the NRC;
 - (ii) Prevention or mitigation of a nuclear event or incident or the unauthorized release of radioactive material;
 - (iii) Placement of the plant in a safe condition following any nuclear event or incident;
 - (iv) Compliance with the Atomic Energy Act, the Energy Reorganization Act, or any NRC rule;
 - (v) The obtaining of or compliance with a specific license issued by the NRC and its technical specifications;
 - (vi) Conformance with a specific Final Safety Analysis Report, or other licensing basis document; and
 - (vii) Implementation of security plans and procedures, control of security information, administration of access to controlled security information, and compliance with government clearance requirements regarding access to restricted data.

When the licensing, design and construction services agreement is executed, it will be provided on the docket for STP 3&4, and an appropriate update to the STP 3&4 COLA Part 1 will be provided.

Notably, the limited liability operating agreement for NINA Investment Holdings LLC provides that, in the very unlikely and hypothetical event that the STP 3&4 owners were in a position to decide an issue involving nuclear safety, security, or reliability, such a decision would be subject to a deciding vote of U.S. controlled members. However, it is not expected that NINA 3 or

NINA 4 would ever be in the position to make a decision regarding nuclear safety, security, or reliability, because STPNOC will have sole authority over such decisions. Rather, these provisions of the limited liability operating agreement were included as an additional “defense-in-depth” measure to provide additional assurance to the NRC regarding the mitigation of foreign ownership issues. In other words, even if circumstances that are not now anticipated arise in the future, this further “backstop” assures that U.S. owners would exercise control over the relevant decision.

Nuclear Advisory Committee

NINA 3 and NINA 4 will establish a nuclear advisory committee (“NAC”) in order to provide independent oversight and further assurance that, throughout the design, construction, and operation of STP 3&4, STPNOC will be free from any foreign control or domination in exercising its sole authority to make all decisions and to take all actions necessary or useful, *inter alia*, to protect public health and safety and to determine appropriate action to be taken with respect to any matter relating to nuclear safety, quality, security, or reliability (“its Sole Authority”). The NAC will provide transparency to the NRC and other U.S. Governmental Authorities regarding any potential for foreign control or domination of STPNOC with respect to its Sole Authority. The NAC will be governed by a charter and organized as follows:

- The NAC will be composed of not less than three independent individuals who are U.S. citizens, but who are not officers, directors, or employees of STPNOC, or any of the STP Owners or their affiliates.
- At least annually, the members of the committee shall prepare a report and supporting documentation to be delivered to the Management Committee of NINA, with a copy provided to the Chief Executive Officer of STPNOC. Such report shall assess whether or not STPNOC is exercising its Sole Authority free from foreign control or domination. In addition, such report shall provide advice as to whether additional measures should be taken to assure compliance with U.S. laws and regulations regarding foreign control or domination of STPNOC with respect to its Sole Authority.
- The NAC shall have requisite authority and freedom of access to perform its duties and exercise its responsibility, including both support from NINA and STPNOC and access to physical facilities and personnel, as reasonably requested by the NAC.

As such, the NAC will provide additional assurance that any potential for FOCD will be mitigated by performing an ongoing and independent oversight function.

Summary

STPNOC’s contractual authority under the Construction Services Agreement with respect to nuclear safety, quality, security, and reliability provides effective mitigation or negation of any potential for foreign control or domination that might be inconsistent with NRC regulations or the Atomic Energy Act. This assures that any role played by the owners of STP 3 & 4 either must be outside of the scope of the issues of concern for foreign persons, or if regarding a matter

of concern, must be subject to and subordinate to the U.S. controlled decision-making authority exercised by STPNOC as the responsible licensee. In particular, this authority assures that all matters relating to the common defense and security of the United States will be free from foreign control or domination.

Finally, the proposed NAC will provide ongoing oversight to assure that STPNOC is able to exercise control over those matters designated as within its Sole Authority, free from any foreign control or domination.

(A copy of the SF-328 form and associated instructions are provided on the following pages.)

CERTIFICATE PERTAINING TO FOREIGN INTERESTS

(Type or print all answers)

OMB No. 0704-0194
OMB approval expires
May 31, 2011

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW. RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.
The public reporting burden for this collection of information is estimated to average 70 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 1155 Defense Pentagon, Washington, DC 20301-1155 (0704-0194). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, \$15,000 fine

or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

	YES	NO
1. (Answer 1a. or 1b.) a. (For entities which issue stock): Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		
b. (For entities which do not issue stock): Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?		
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?		
7. During your last fiscal year, did your organization derive: a. 5 percent or more of its total revenues or net income from any single foreign person? b. In the aggregate 30 percent or more of its revenues or net income from foreign persons?		
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with, or serve as consultants for, any foreign person(s)?		
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		

REMARKS (Attach additional sheets, if necessary, for a full detailed statement.)

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

WITNESSES:

(Date Certified)

By

(Signature of Authorized Contractor Representative)

(Typed Name of Contractor)

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

(Title of Authorized Contractor Representative)

(Address)

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, _____, certify that I am the _____

of the corporation named as Contractor herein; that _____

who signed this certificate on behalf of the Contractor, was then _____
of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

**INSTRUCTIONS FOR COMPLETION OF THE CERTIFICATE PERTAINING
TO FOREIGN INTERESTS**

Question #1:

a. Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5% or more of the outstanding shares of any class of your organization's equity securities? If yes:

-Identify the percentage of any class of stock or other securities issued which are owned by foreign persons, broken down by country. Include indirect ownership through one or more intermediate level(s) of subsidiaries. Indicate voting rights of each class of stock.

-Are there shareholder agreements? If yes, attach a copy(ies), and if none, so state.

-Indicate whether a copy of SEC Schedule 13D/13G report has been received from any investor. If yes, attach a copy(ies).

Note: Ownership of less than 5% should be included if the holder is entitled to control the appointment and tenure of any management position.

b. (For entities which do not issue stock): Has any foreign person directly or indirectly subscribed 5% or more of your organization's total capital commitment? If yes:

-Identify the percentage of total capital commitment which is subscribed by foreign persons.

-Is there an agreement(s) with the subscriber(s)? If yes, attach a copy(ies), and if none, so state.

Question #2: Does your organization directly or indirectly through your subsidiaries and/or affiliates, own 10% or more of any foreign interest? If yes:

-Identify the foreign interest by name, country, percentage owned, and personnel who occupy management positions with the organizations.

-If there are personnel from your organization who occupy management positions with the foreign firm(s), identify the name(s), title, and extent of involvement in the operations of the organizations, (to include access to classified information).

Question #3: Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials? If yes:

-Identify the foreign person(s) by name, title, citizenship, immigration status and clearance or exclusion status.

-Attach copies of applicable by-laws or articles of incorporation, which describe the affected position(s). However, if you have already provided such copies to the Cognizant Security Agency Industrial Security Representative, so state.

Question #4: Does any foreign person(s) have the power, direct or indirect, to control the election,

appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization? If yes:

-Identify the foreign person(s) by name, title, citizenship, and all details concerning the control or influence.

Note: If any foreign person(s) have such power, this question shall be answered in the affirmative even if such power has not been exercised, and whether or not it is exercisable through ownership of your facility's securities, if such power may be invoked by contractual arrangements or by other means.

Question #5: Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)? If yes:

For each instance, provide the name of the foreign person, country, percentage of gross income derived, and nature of involvement, including:

-Whether defense/nuclear related or not

-Involvement with classified or export controlled technology

-Compliance with export control requirements

-Where the organization has a large number of involvements and where these involvements are not defense/ nuclear related and represent a small percentage of gross income; the explanation can be a generalized statement addressing the totals by country.

Note: We do not expect and will not require the contractor to ask every customer if he/she falls within the NISPOM definition of a foreign person. We will ask the contractor to provide ongoing security education to those individuals who negotiate and/or administer such agreements regarding their responsibilities to report agreements with a foreign person(s) to the best of their knowledge. The contractor will be certifying the response to this question to "the best of his/her knowledge" or "through his/her best efforts".

Question #6: Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)? If yes:

-Provide your overall debt-to-equity ratio (in percentage).

-With respect to indebtedness or liability to a foreign person, indicate to whom indebted or liable, what collateral has been furnished or pledged, and any conditions or covenants of the loan agreement. If stock or assets have been furnished or pledged as collateral, provide a copy of the loan agreement or pertinent extracts thereof (to include procedures to be followed in the event of default).

-If any debentures are convertible, provide specifics.

-If loan payments are in default, provide details.

-This question should be answered in the affirmative if the debt is with a U.S. entity that is

owned or controlled either directly or indirectly by a foreign person. If unknown, so state.

Note: As stated above, we do not expect and will not require the contractor to ask every lender if he/she qualifies as a foreign person. We will ask the contractor to provide ongoing security education to those employees who handle lending arrangements regarding their responsibilities to report any such arrangements with a foreign person lender, to the best of their knowledge. The contractor will be certifying the response to this question as being to "the best of his/her knowledge" or "through his/her best efforts".

Question #7: During your last fiscal year, did your organization derive:

- a. 5% or more of its total revenues or net income from any single foreign person.
- b. In the aggregate 30% or more of its revenues or net income from foreign persons?

If yes to either part of the question:

-Provide overall percentage of income derived from foreign sources by country, nature of involvement, and type of services or products.

-Indicate if any single foreign source represents in excess of 5% of total revenues or net income.

-Indicate whether any classified information is involved.

-State whether facility is in compliance with applicable export control requirements.

Note: As previously stated, we do not expect and will not require the contractor to ask every customer if he/she qualifies as a foreign person. We will ask the contractor to provide ongoing security education to those employees who handle information about company revenues regarding their responsibility to report revenues derived from a foreign person(s) to the best of their knowledge. The contractor will be certifying the response to this question as being to "the best of his/her knowledge" or "through his/her best efforts".

Question #8: Is 10% or more of your organization's securities held in "nominee shares," in "street names" or in some other method which does not disclose the beneficial owner? If yes:

-Identify each foreign institutional investor holding 10% or more of the voting stock by name and address and the percentage of stock held.

-Indicate whether any investor has attempted to, or has exerted any control or influence over appointments to management positions or influenced the policies of the organization.

-Include copies of SEC Schedule 13D/13G.

Question #9: Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with, or serve as consultants for, any foreign person(s)? If yes:

-Provide the name, title, citizenship, immigration status and clearance or exclusion status on all such persons.

-Identify, by name and address, each foreign organization with which such persons serve and indicate the capacity in which they are serving.

-Include a Statement of Full Disclosure of Foreign Affiliations for every cleared individual who is a representative of a foreign interest.

Note: We expect the contractor to be able to answer this question fully for those individuals holding such positions with his/her foreign subsidiaries and any foreign interests. However, we do not expect and will not require the contractor to ask every individual to ascertain if he/she is serving as a director, officer or manager of a foreign person. We will ask the contractor to provide ongoing security education to all key management personnel of their responsibilities to report serving as an interlocking director or in any other type of positions with a foreign person to the best of their knowledge. The contractor will be certifying the response to this question as being to "the best of his/her knowledge" or "through his/her best efforts".

Question #10: Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization? If yes:

-Describe the foreign involvement in detail, including why the involvement would not be reportable in the preceding questions.

DEFINITIONS FOR COMPLETION OF THE CERTIFICATE PERTAINING TO FOREIGN INTERESTS

Affiliate. Any entity effective owned or controlled by another entity.

Beneficial Owner. The true owner of a security who may, for convenience, be recorded under the name of a nominee. Such ownership entitles the owner to the power to vote or direct the voting of a security or to impose or direct the disposition of a security.

Bond. A certificate which is evidence of a debt in which the issuer promises to repay a specific amount of money to the bondholder, plus a certain amount of interest, within a fixed period of time.

Convertible Debentures. Bonds which the holder can exchange for shares of voting stock.

Covenant. A detailed clause in a lending agreement designed to protect the lender.

Debenture. A general debt unsecured by a pledge of any specific piece of property. Like any other general creditor claims, a debenture is secured by any property not otherwise pledged.

Debt-to-Equity Ratio. Total liabilities divided by total shareholders' equity (total assets minus total liabilities of a corporation; also called stockholders' equity, equity, and net worth). This shows to what extent owners' equity can cushion creditors' claims in the event of liquidation.

Equity Security. An ownership interest in a company, most often taking the form of corporate stock.

Foreign Interest. Any foreign government, agency of a foreign government, or representative of a foreign government any form of business enterprise or legal entity organized, chartered or incorporated under the laws of any country other than the U.S. or its possessions and trust territories, and any person who is not a citizen or national of the United States.

Foreign Person. Any foreign interest and any US person effectively owned or controlled by a foreign interest.

Guarantor. One who makes the guaranty (an agreement or promise to answer for the debt, default or miscarriage of another).

Immigration Status. Legal basis for a non-US citizen's residence in the United States (e.g., work visa, admission for permanent residence). Note: Immigration and Naturalization Service Form 1-9 is an excellent source for this information.

Joint Venture. A partnership or cooperative agreement between two or more persons or firms, usually restricted to a single specific undertaking. Normally the undertaking is of short duration, such as for the design and construction of a dam.

Liability. Claim on the assets of a company or individual.

Licensing Agreement. A permit granted by one business to another which permits duplication of processes and production of similar items.

Management Positions. For the purposes of the questions on this form, management positions shall include owners, officers, directors, partners, regents, trustees, senior management officials, other executive personnel, and the facility security officer.

Nominee Share. A share of stock or registered bond certificate which has been registered in a name other than the actual owner.

Proxy. One who acts for another. Also, the document by which such a representative is authorized to act.

Representative of a Foreign Interest (RFI). A citizen or national of the U.S., who is acting as a representative of a foreign interest (see Foreign Interest).

S.E.C. Schedule 13D. This schedule discloses beneficial ownership of certain registered equity securities. Any person or group of persons who acquire a beneficial ownership of more than 5 percent of a class of registered equity securities of certain issuers must file a Schedule 13D reporting such acquisition with certain other information.

S.E.C. Schedule 13G. This schedule is a much abbreviated version of Schedule 13D that is only available for use by a limited category of "persons" (such as banks, broker/ dealers, and insurance companies) and even then only when the securities were acquired in the ordinary course of business and not with the purpose or effect of changing or influencing the control of the issuer.

Sales Agreement. An agreement between two parties for the sale of goods or services on a continuing basis.

Stock Option. An option is the right to buy or sell at some point in the future.

Street Name. The common practice of registering publicly traded securities in the name of one or more brokerage firms.

Subordinated Debenture. A bond having a claim on assets only after the senior debt has been paid off in the event of liquidation.

Surety. One who is immediately liable for the debt of another if that other person or entity falls to pay.

Total Capital Commitment. The sum of money and other property an enterprise uses in transacting its business.

US Person. Any form of business enterprise or entity organized, chartered or incorporated under the laws of the United States or its possessions and trust territories and any person who is a citizen or national of the United States.