



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 11, 2018

Mr. Alexis Gomez
Cardinal Health
P.O. BOX 366211
San Juan, PR 00936-6211

SUBJECT: INFORMATION ON FINAL RULE: MODIFIED SMALL QUANTITIES
PROTOCOL TO THE UNITED STATES INTERNATIONAL ATOMIC ENERGY
AGENCY CARIBBEAN TERRITORIES SAFEGUARDS AGREEMENT
(10 CFR PART 75)

Dear Mr. Gomez:

This letter provides information for United States (U.S.) Nuclear Regulatory Commission (NRC) licensees in the Caribbean Territories regarding the final rule that amends Title 10 of the *Code of Federal Regulations* (CFR) Part 75, "Safeguards on Nuclear Material-Implementation of Safeguards Agreements Between the United States and the International Atomic Energy Agency." The revised rule implements the requirements of, "The Agreement between the U.S. and the International Atomic Energy Agency (IAEA) for the application of safeguards in connection with the Treaty for the Prohibition of Nuclear Weapons in Latin America" (U.S.-IAEA Caribbean Territories Safeguards Agreement). Specifically, this rule implements the requirements of the U.S.-IAEA Caribbean Territories Safeguards Agreement's modified Small Quantities Protocol (SQP).

The final rule was published in the *Federal Register* (83 FR 19603) on May 4, 2018. The rule will become effective on June 3, 2018, 30 days after the publication of the *Federal Register* Notice. Compliance with the final rule is required by July 3, 2018, 60 days after the publication of the *Federal Register* Notice. In order to meet U.S. international treaty obligations pursuant to the modified SQP, the NRC is required to collect information on source and special nuclear material in the U.S. Caribbean Territories. Timely submission of the "Initial Inventory Report" assists the U.S. in meeting treaty obligations with the IAEA. The NRC would like to underscore the importance of submitting the "Initial Inventory Report" in accordance with 10 CFR 75.32(c) by the deadline of August 20, 2018. Should an NRC licensee not submit the "Initial Inventory Report" by the deadline of August 20, 2018, the NRC will disposition non-compliance in accordance with the NRC Enforcement Policy (Agencywide Documents Access and Management System Accession Number ML16271A446), which includes the possibility of a Notice of Violation issued to the licensee.

The "Initial Inventory Report" must be submitted to the NRC on DOE/NRC Form 742C, "Physical Inventory Listing," in accordance with the instructions in NUREG/BR-0007, Rev. 7, "Instructions for the Preparation and Distribution of Material Status Reports (DOE/NRC Forms 742 and 742C)." The quantities reported in the "Initial Inventory Report" must be accurate as of July 31, 2018 (use this date as the "inventory date" on DOE/NRC Form 742C). Please note, DOE/NRC Form 742C must be accompanied by DOE/NRC Form 740M, "Concise Note," to report actual inventory values for any batch or source material reported in the DOE/NRC Form 742C that is equal to or less than 0.4 kg.

In accordance with 10 CFR 75.34, licensees shall complete an "Inventory Change Report, (DOE/NRC Form 741, "Nuclear Materials Transaction Report") when they ship, receive, or adjust their physical inventory of source or special nuclear material. Licensees who ship source or special nuclear material shall submit the "Inventory Change Report" to the NRC no later than the close of business the next working day after each transfer, in accordance with the instructions in NUREG/BR-0006, "Instructions for Completing Nuclear Material Transaction Reports (DOE/NRC Forms 741 and 740M)." Licensees who receive source or special nuclear material shall submit an "Inventory Change Report" to the NRC within 10 days after the material is received. Please note that the "Inventory Change Report" shall reflect any changes in physical inventory starting on August 1, 2018.

In addition, in accordance with 10 CFR 75.35, each licensee shall submit to the NRC a "Material Status Report" for the required annual physical inventory on DOE/NRC Form 742, "Materials Balance Report," and DOE/NRC Form 742C, no later than May 31 of each year. The reporting period commences on May 1 and concludes on April 30 of the next calendar year. The "Material Status Report," must be prepared in accordance with the instructions in NUREG/BR-0006 and NUREG/BR-0007. Please note that your first "Material Status Report" reporting period will commence on August 1, 2018 and will conclude on April 30, 2019, and the report must be submitted to the NRC no later than May 31, 2019.

Copies of the DOE/NRC Forms can be obtained from the following Web sites:

<https://www.nrc.gov/reading-rm/doc-collections/forms/#NRC> and <https://nnsa.energy.gov/aboutus/ourprograms/nuclearsecurity/nmmsshome/nmmssinfo/doenrcforms>.

Copies of the instructions for completing DOE/NRC Forms may be obtained from the following

Web sites: <https://www.nrc.gov/reading-rm/doc-collections/nuregs/brochures> and <https://nnsa.energy.gov/aboutus/ourprograms/nuclearsecurity/nmmsshome/nmmssinfo/nmmssreports>

DOC/NRC Forms 742C and 740M are approved by the Office of Management and Budget (OMB) under control numbers 3150-0058 and 3150-0057, respectively. The NRC may not conduct or sponsor, and a person is not required to respond to a collection of information unless the document requesting or requiring the collection displays a currently valid OMB control number.

Below is a summary of important dates:

May 4, 2018 – Issuance of *Federal Register* Notice

June 3, 2018 – Rule comes into effect

July 3, 2018 – Date of compliance

July 31, 2018 – "Inventory date"

August 1, 2018 – Starting date to reflect physical inventory changes, "Inventory Change Report"

August 20, 2018 – Due date to submit "Initial Inventory Report" to the NRC

May 31, 2019 – Due date to submit "Material Status Report"

Should you have any questions on the modified SQP reporting requirements, we encourage you to contact one of the individuals listed below:

Hector Rodriguez-Luccioni, International Safeguards Analyst
Hector.Rodriguez-Luccioni@nrc.gov
301-415-6004

Eduardo Sastre, International Safeguards Analyst
Eduardo.Sastre@nrc.gov
301-415-3161

Mirabelle Shoemaker, International Safeguards Analyst
Mirabelle.Shoemaker@nrc.gov
301-415-7363

David Hanks, Sr. International Safeguards Analyst
David.Hanks@nrc.gov
301-415-7405

If you have any questions regarding this communication, please contact Dr. Hector Rodriguez-Luccioni of my staff by phone at (301) 415-6004 or via e-mail at Hector.Rodriguez-Luccioni@nrc.gov.

Sincerely,

/RA/

Craig G. Erlanger, Director
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

SUBJECT: INFORMATION ON FINAL RULE: MODIFIED SMALL QUANTITIES
 PROTOCOL TO THE UNITED STATES INTERNATIONAL ATOMIC ENERGY
 AGENCY CARIBBEAN TERRITORIES SAFEGUARDS AGREEMENT
 (10 CFR PART 75)

DATED: May 11, 2018

DISTRIBUTION: FCSE, DRM, RI

ADAMS Package Accession Number: ML18109A432

*** via email**

OFC	FCSE/MCAB	FCSE/MCAB	FCSE/MCAB	OE	DRM/MRPB
NAME	HRodriguez-Luccioni	DHanks	JRubenstone	FPeduzzi	GTrussell
DATE	4/27/18	05/08/18	05/03/18	5/04/18	05/03/18
OFC	DRM/MRPB	DRM	RI/DNMS/MLAB	RI/DNMS/CIRAB	FCSE
NAME	KMorgan-Butler	PHolahan	DJanda	ABurritt	CErlanger
DATE	05/08/18	05/08/18	05/09/18	05/09/18	05/11/18

OFFICIAL RECORD COPY